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## **An analysis of City Market Place, 702 East Mifflin Street, Madison, Wisconsin. January 1, 1982**

Landmark Research, Inc.

[s.l.]: [s.n.], January 1, 1982

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AN ANALYSIS OF  
CITY MARKET PLACE

Landmark  
Research  
Inc.

AN ANALYSIS OF  
CITY MARKET PLACE  
702 EAST MIFFLIN STREET  
MADISON, WISCONSIN

AS OF  
JANUARY 1, 1982

PREPARED BY  
LANDMARK RESEARCH, INC.

Landmark  
Research  
Inc.

James A. Graaskamp, Ph.D., SREA, CRE  
Tim Warner, MS, MAI, SREA  
Jean B. Davis, MS

February 1, 1982

Mr. Warren J. Kenney, Assistant Director  
Planning and Development Department  
City of Madison  
215 Monona Avenue  
Madison, Wisconsin 53709

Dear Mr. Kenney:

With this letter we are delivering to you the analysis of the property known as the City Market Place, located at 702 East Mifflin Street, Madison, Wisconsin, requested to make a preliminary determination of the most feasible use of the property and to determine the most probable selling price with and without the historic landmark designation, given the identification of the most probable buyer type.

My associate, Jean B. Davis, real estate appraiser and analyst, and I have inspected the building and have discussed the condition of the property with Don Roth and Karl Tetzlaff of the Building Inspection Unit of the City Development Assistance office on several occasions. We were provided with information regarding comparable land sales in the area and maps of the area by Tim Gawlick of the Project Development Unit.

The City of Madison purchased the property in 1906 from the Mendota Realty Company for the purpose of constructing a public market place. The success of the market place was short-lived and the property had a variety of uses until the Street and Sanitation Department for the east side of Madison occupied the building from the 1920s until 1977. It has been vacant since that time. A reverter clause in the conveyance instrument required that the street called Market Place be dedicated as a public street if the market place use was discontinued. Thus, the discontinuation of the market place triggered the change in the lot dimension from 132 feet by 594 feet to 82 feet by 594 feet.

After screening several probable uses for justified investment value, political acceptability, construction risk and economic viability, it is concluded the most probable use of the property is to rehabilitate the existing structure as a restaurant/retail shell and to construct new retail units that are linked with the main structure.

Mr. Warren J. Kenney  
Page 2  
February 1, 1982

The market comparison approach to valuation concluded a most probable transaction zone from a central tendency of \$107,000 to a lower range of \$75,000, assuming a cash sale.

The value conclusions are sensitive to the volatility of construction costs inherent in the rehabilitation of an older, neglected structure which include the potential higher costs to qualify for the rehabilitation tax credit; to the degree of commitment by the City of Madison to implement a master plan to revitalize the City Market neighborhood; to the willingness of the City to assist a developer by providing lower-cost financing and/or a write-down on the land; the securing of leases with a viable mix of retailers; and the ability of these retailers to capture an adequate segment of the retail market in the surrounding neighborhood.

As you will recall, no funds were provided for architectural, legal, or engineering fact finding, so the feasibility of the most probable use assumption, which is critical to a value estimate, must be regarded as only preliminary. Your attention is called to the assumptions, limiting conditions, and controls on use that are included within this report.

Based upon the assumptions and limiting conditions presented in the attached report, it is the opinion of the appraisers that the highest probable price in dollars and market value of the subject property which might be obtained as of January 1, 1982, with the historic landmark designation, is the amount of:

NINETY SEVEN THOUSAND FIVE HUNDRED DOLLARS

(\$97,500)

assuming a cash sale, given the availability of an economic development loan at 13 percent interest for a term of 25 years.

Without the more generous tax benefits of the historic landmark designation, the highest probable price in dollars and market value of the subject property which might be obtained as of January 1, 1982, is the amount of:

Mr. Warren J. Kenney  
Page 3  
February 1, 1982

SEVENTY TWO THOUSAND FIVE HUNDRED DOLLARS

(\$72,500)

assuming a cash sale, given the availability of an economic development loan at 13 percent interest for a term of 25 years.

To arrive at a value for the land as if vacant, the demolition cost estimates are subtracted from the most probable selling price; the total cost estimates for demolition are \$44,000 and therefore the residual land value is \$53,500.

We are pleased to have been of service and Ms. Davis and I remain available to answer any specific questions you may have regarding this report.

FOR LANDMARK RESEARCH, INC.

  
James A. Graaskamp, Ph.D., SREA, CRE

  
Jean B. Davis, MS

CITY MARKET PLACE  
702 East Mifflin Street



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SUMMARY OF FACTS, ASSUMPTIONS, AND CONCLUSIONS

Property: A vacant one-story masonry building located on the South one-half of Block 134, in the Original Plat, Madison, Wisconsin, at 702 East Mifflin Street.

Type of Estate: Fee simple, encumbered by building code restrictions, constraints imposed by the historic landmark designations, and a use limitation written in the 1906 conveyance instrument.

Present Owner: City of Madison.

Age of Building: Built in 1909; 72 years old.

Neighborhood: Site is located on Blount, East Mifflin, Livingston Streets and Market Place and is approximately six blocks from the Capitol Square, and two blocks from the Madison Gas and Electric power plant.

Lot Size: The parcel has 594 feet of frontage along East Mifflin Street and 82 feet of frontage along Blount Street.

Improvements: Masonry one-story main structure, a historic landmark built in the Prairie style, measures 74 feet by 129 feet with approximately 8,050 square feet of gross building area and has an average ceiling height of approximately 21 feet. Also located on the site are metal garages, a small metal shed and the old hitching shed at the southeastern end of the site. All but the main structure would be demolished for the purposes of this analysis.

Legal Constraints: C3 Highway Commercial District Zoning, Capitol Preservation View District, General Fire District regulations, and City and State building codes.

Most Probable Use: The development of a retail center with the rehabilitation of the main structure as a retail/restaurant shell and the new construction of twelve retail units linked with the main building.

Most Probable Buyer: A developer-packager who will take advantage of the rehabilitation tax credit allowed a historic landmark structure and who will seek the cooperation of the City for both financial assistance and the compatible redevelopment of the surrounding neighborhood.

Terms of Sale: A cash sale is required by the seller.

Market Transaction Inference: Comparable sales, ranked by a weighted point score method, predict a central tendency of \$107,000 with a standard deviation of \$32,000. The transaction range is \$139,000 to \$75,000.

Most Probable Selling Price: As of January 1, 1982, the most probable selling price is \$97,500. In the appraisers' opinion, the high risk inherent in the rehabilitation of a vacant and deteriorated structure in a neighborhood of mixed uses sets the central tendency of \$107,000 as the upper limit. The \$86,000 justified investment is used as a guide, and the estimated value of vacant sites in the area is used as another check on value. An increase in the estimated rehabilitation costs and/or a decrease in anticipated rental revenues would cause a buyer to negotiate a price closer to the lower range of \$75,000.

## I. PROBLEM ASSIGNMENT

The content of an appraisal report is determined by the nature of the decision for which it will serve as a benchmark and the limiting assumptions inherent in the property, the data base, or other factors in the decision context. This analysis is made to determine the most feasible use of the property and to determine the most probable selling price, with and without the historic landmark designation, given the identification of the most probable buyer type.

### A. The Appraisal Issue

The subject property has been vacant since the east side street division of the Madison engineering department moved its headquarters in 1977. The property was designated a City Landmark in July 1979 and later was listed on the National Register of Historic Places; the City designation gave the Landmarks Commission the right to approve, deny, or delay demolition of the structure. The City adopted a resolution in June 1978 to declare the property surplus and for sale, but the two bids received were allowed to expire without action because the possibility still existed that the Madison Area Technical College would be built nearby.

The City then directed the Plan Department to draw up a plan for the development of a mix of privately owned and

publicly assisted housing and condominium units for an area which included the subject property and the City owned former reservoir site northwest of the subject.

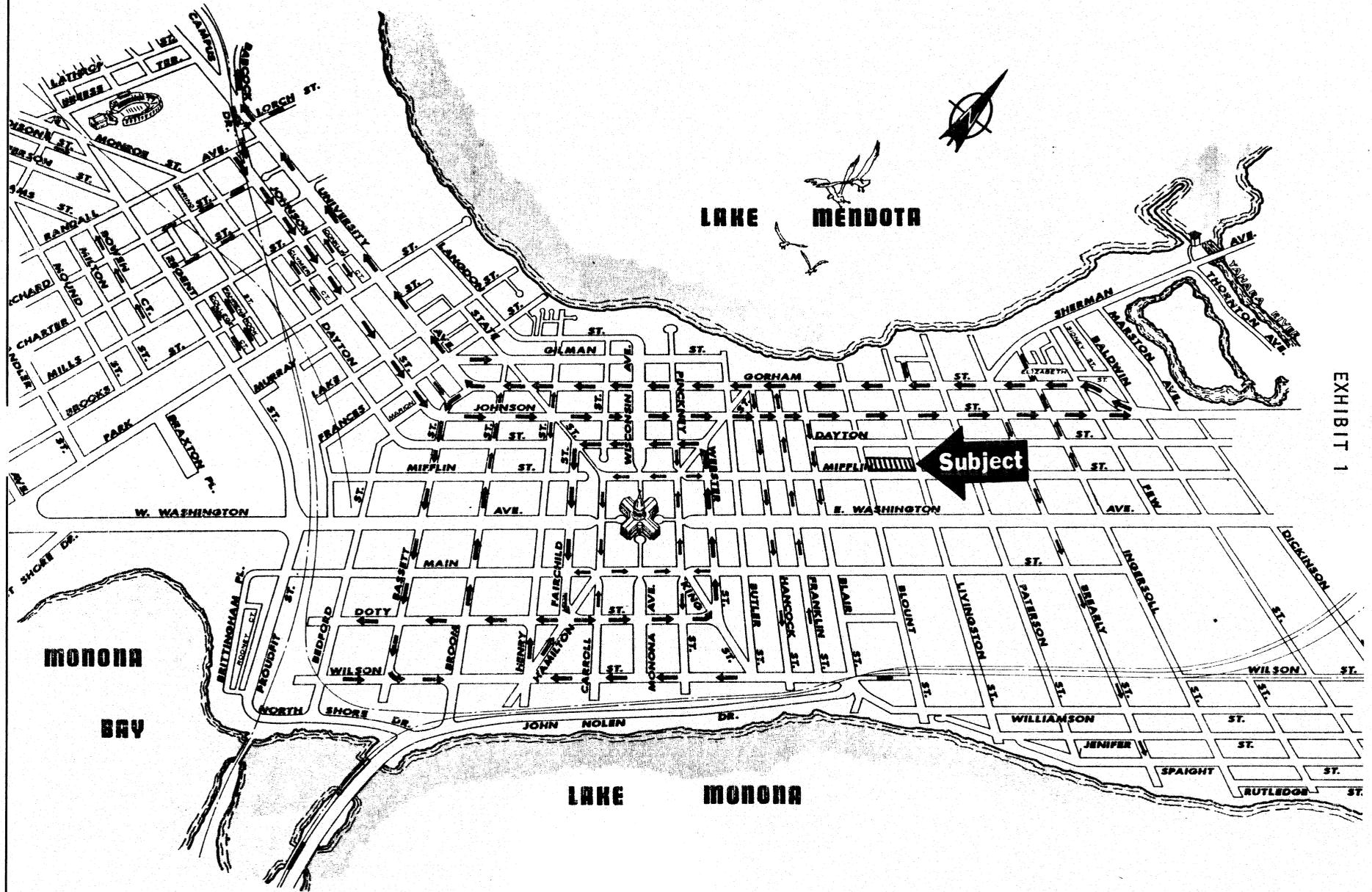
The plans have yet to be implemented and, in the meantime, the existing structures have been neglected to the point that the property has been cited for code violations. (See Appendix A.)

The City has requested a determination and analysis of the most feasible uses of the property and an estimate of the most probable selling price, given the C3 zoning, so negotiations for a trade or a sale with adjacent property owners or others can proceed. A value estimate is also requested for the property without the certified historic landmark designation.

B. Legal Interest to be Appraised

The subject property, located at 702 East Mifflin Street, is owned by the City of Madison. Exhibit 1 shows the location of the subject site. The parcel presently enjoys tax exempt status, but is located in Tax Incremental Finance (TIF) District No. 9 so that all private development of the subject would contribute to the district increment. The parcel has the following legal description:

SUBJECT LOCATION MAP



*Landmark Research, Inc.*

EXHIBIT 1

3

Lot 17 and 18, Block 134, original plat of Madison, less 50 feet of sidewalk and street dedicated by a reverter clause in a conveyance dated December 15, 1906, between Mendota Realty Company, the grantor, and the City of Madison, the grantee. The reverter was triggered when the property was no longer used as a public market.

Encumbrances of record on the property, except for restrictions on demolition set by the Landmarks Commission, have little practical effect. The 1906 conveyance states:

... the remainder of said southeasterly half of said block shall not be devoted by said City or its assigns to use as a dumping or storage ground, or to any manufacturing or business purpose which shall unreasonably impair the use and enjoyment of that portion of said block not herein agreed to be conveyed.

but this is of little meaning when related to current zoning and mixed uses of the entire block. See Exhibit 2 for site dimensions. A variety of codes and public agencies have constrained the future use of this site as discussed elsewhere in the report.

The personalty currently stored on the premises is not included in the estimate of value.

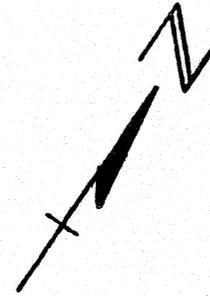
### C. Value Definition

For the purpose of this appraisal the following value definition is that of "Market Value," defined in Real Estate Appraisal Terminology, Revised Edition, 1981, pp. 160 - 161.

#### Market Value

The most probable price in terms of money which a property should bring in a competitive and open market

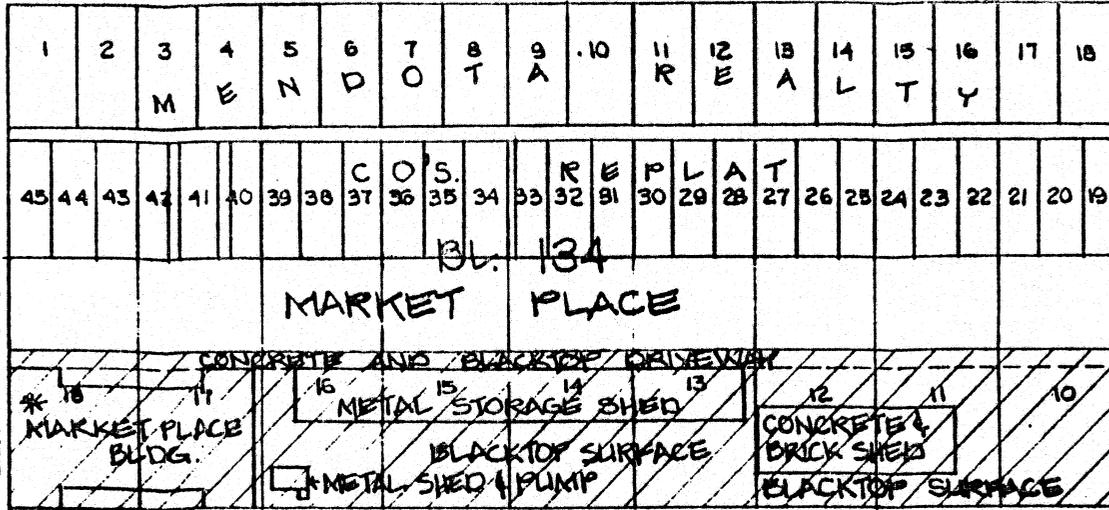
SUBJECT SITE MAP



Sandwich Research, Inc.

E. DAYTON STREET

N. BLOUNT STREET



N. LIVINGSTON STREET

EXHIBIT 2

E. MIFFLIN STREET

Source: City of Madison  
 Planning & Development Dept.  
 Project Development Unit

under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated.
2. both parties are well informed or well advised, and each acting in what they consider their own best interest.
3. a reasonable time is allowed for exposure in the open market.
4. payment is made in cash or its equivalent.
5. financing, if any, is on terms generally available in the community at the specified date and typical for the property type in its locale.
6. the price represents a normal consideration for the property sold, unaffected by special financing amounts and/or terms, services, fees, costs, or credits incurred in the transaction.

D. Implicit Assumptions

The most probable selling price recognizes that prediction of a future sales transaction is a business forecast under uncertain conditions. It is therefore appropriate to state the value conclusions as a central tendency within a range of alternative price outcomes that reflect the imperfections of the real estate market and the negotiation positions of both the buyer and the seller. A transaction zone of sales prices is more useful than the traditional point estimate of fair market value, which implies certainty, because it provides the necessary dimensions for establishing a listing and bargaining strategy and for anticipating probable buyer

behavior. A detailed analysis of the property leads to a statement about most probable use and this, in turn, leads to inference regarding the most probable buyer. The preferred method is to infer buyer behavior from actual market transactions. In the absence of adequate market data, the appraiser may simulate the most probable buyer calculus in determining his purchase transaction zone.

E. Application to Subject

The present owner, the City of Madison, is requesting an estimate of value based on a cash sale. The sales prices of the comparable properties used as benchmarks of value are transformed into their cash equivalent value as necessary. The estimate of value will partially depend upon the forecast of rental revenues and operating expenses and the capital outlays required to meet both the Wisconsin Administrative Codes and the rehabilitation standards required for the investment tax credit available for historic structures. As a result, the reliability of the most probable price estimate will be directly related to those assumptions and projections.

## II. PROPERTY ANALYSIS TO DETERMINE MOST PROBABLE USE

The identification of the most probable use begins with an analysis of the property attributes. An inventory of these attributes includes physical characteristics of the site and of the improvements thereon, the relationship (linkages) of the site to density centers that are generators of demand, and the perceptions of the site that are commonly held by citizens that might attract and/or repel users.

### A. Physical Attributes

The subject site is located on the near east side of Madison and is approximately one-half mile from the Capitol Square. See Exhibit 1.

It is bordered by four streets: East Mifflin Street to the southeast, North Blount Street to the southwest, Market Place to the northwest and North Livingston Street to the northeast. As can be seen in Exhibit 2, the site is rectangular in shape and is disproportionately narrow, being only 82 feet wide by 594 feet long. It has a total gross area of 48,708 square feet, or just over 1.1 acres. The property has 82 feet of frontage on both Blount and Livingston Streets and 594 feet of frontage along both Market Place and Mifflin. The topography of this long, narrow site is flat.

The Soil Survey of Dane County, Wisconsin, published by the U.S. Department of Agriculture, Soil Conservation Service, indicates that the soil in the area of the subject property is Colwood silt loam of the Colwood Series. This series consists of deep, poorly drained, nearly level soils on low benches in old lake basins. The water table for Colwood Series soils is high during a considerable part of the wet season which may explain some standing water in a portion of the basement area when the property was inspected by the appraisers on November 17, 1981. According to Don Roth, Supervisor of Building Inspection for the City Development Assistance Office of the City of Madison, the subject site was at one time in a wetlands area. Man-made improvements have changed the character of the area from wetlands to its present, built-up state but the area is still relatively low and the combination of water and soil can present problems. The foundation problems in the basement of the City Market Building may have been related, at least in part, to the soil composition and high water table.

There is a 20 foot water main to the southeast of the subject on Mifflin Street. Also, an 18 foot sanitary sewer main is located along Mifflin Street and an 8 foot sanitary sewer main is along Livingston Street. An 18 foot storm sewer line runs along Livingston Street and a 12 foot line runs along Mifflin Street. Although no storm sewer line runs under Market

Place itself, there are two storm sewer drains at each end of Market Place.

Madison Gas and Electric provides electric service to the subject site. Madison Gas and Electric has a gas main along Blount Street with three services going into Market Place. A two foot gas main runs along the South side of Market Place from Blount towards Livingston Street, ending approximately half way between Blount and Livingston. Telephone service is provided by Wisconsin Telephone Company. Thus the full complement of utilities is available to the subject site.

According to Kitty Rankin of the City Historic Preservation Office, underground gas tanks were installed on the subject property by the City Streets and Sanitation Department in the 1920s. Sometime after 1957 a larger tank was installed to replace a smaller one, according to Jim Waters of the Streets Department. In 1978 the City Fire Department issued an order to remove the gas tanks and, according to Lt. Terry Turnquist of the Fire Prevention Division, a member of the Inspection Division confirmed their removal. There is still some uncertainty as to the facts of the matter; an employee of the Streets Department reported the tank vent pipes are still in place as of January, 1982, but it was unknown if the underground tanks are still there. For the purpose of this study, the official record has been accepted, that is, it is

assumed that the gas tanks have been removed and the specific code violation has been corrected.

B. Legal Constraints

1. Zoning

The subject site is currently zoned C3, Highway Commercial District. (See Exhibit 3 for zoning map.)

Within this district are permitted those uses which because of certain locational requirements and operational characteristics are appropriate to locations either in close proximity to major thoroughfares or in areas away from residences.\*

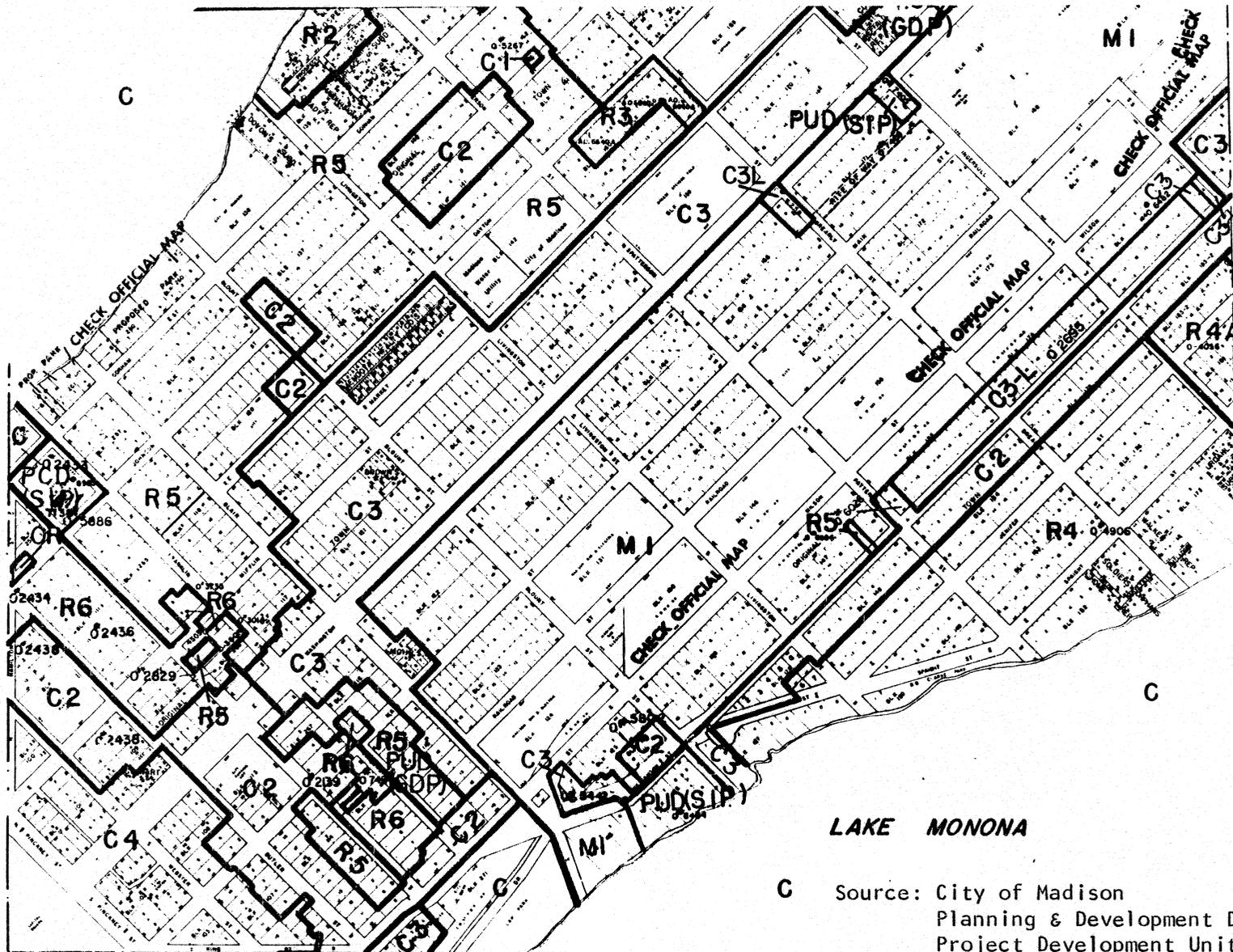
See Appendix A for a review of the general regulations, permitted uses, and conditional uses concerning C3 zoning. Residential use is not permitted on the first floor.

As shown in Exhibit 3, Block 134 and the majority of Block 135, which are zoned C3, are surrounded on three sides by R5 districts which permit multi-family residential. To the southeast of the subject site, across Mifflin Street, the neighboring blocks are zoned C3. The zoning has led to an undesirable mix of uses especially detrimental to the surrounding R5 areas.

---

\* City of Madison, General Ordinances Section 28.09 (4)  
(See Appendix A.)

ZONING MAP



C Source: City of Madison  
 Planning & Development Dept.  
 Project Development Unit

D24

D14

12

EXHIBIT 3

Southwest Research, Inc

The subject property, located less than one mile from the State Capitol Building, is subject to the regulation on allowable building height as stated in Madison Zoning Code [28.04 (14)] titled Capitol View Preservation. As a result the height limit on new construction would be approximately 173 feet. See Appendix A for the full text of the code.

Madison is divided into the Regular Fire District, the General Fire District and the Capitol Fire Zone which is the most restrictive of the three regarding building requirements. The subject property is located in the General Fire District.

Parking requirements for the site include one stall for every 300 feet of office or mercantile space and one stall for each two employees of a warehouse. The long, narrow configuration of the lot makes it difficult to satisfy the office/retail parking requirement and still maintain some flexibility in the design of new construction on the site. On the other hand, if only the existing main building is retained, the site is more than adequate to meet any parking requirements.

## 2. Tax Incremental Financing (TIF)

The site is located within the reorganized TIF District #9. The site lies in the northeast corner of the TIF District #9 which is bounded by N. Livingston on the

northeast, N. Franklin and N. Butler on the southwest, E. Mifflin on the southeast and, with some exceptions, Lake Mendota on the northwest. The site's inclusion in TIF #9 allows for a wide variety of potential assistance from the City in the form of site improvements, building rehabilitation, and write down of land costs which will increase the tax assessment base for the City and therefore, over a period of time, allow the City to recover its investment through increased real estate taxes.

### 3. Historic Landmark Designation

The property's placement on the National Register of Historic Places is a major step in enabling a developer to benefit from the 1981 Economic Recovery Tax Act and the generous 25 percent rehabilitation tax credit granted certified historic structures. The law allows 25 percent of the qualifying rehabilitation expenditures on the existing structure to be taken as a Federal tax credit. The historic designation allows either a residential or non-residential use to qualify and the tax credit is not subtracted from the depreciable basis of the structure. The constraints include the allowance of only straight line, 15 year life depreciation to be taken on the rehabilitated improvements and recapture of a declining portion of the credit if sold within five years. For more details of the implications of

the tax credits benefits allowed historic structures see Appendix B.

The Madison Landmarks Commission designated the City Market as a landmark in July 1977 thereby taking control of the right to demolish the structure. The Commission has the right to deny, grant, or delay permission to demolish a designated building. See Appendix B for the details of the implications of this designation.

#### 4. Political Constraints

The City Market property is a part of a larger area targeted by the City for redevelopment; plans conceived in 1979 include a mix of commercial and residential uses which would involve public-private cooperation and combine TIF support, privately-owned Section 8 housing units, public-assisted family housing and condominium units as well. The combined area of the old water reservoir site along E. Dayton and the City Market site, both owned by the City, make this one of the largest areas near the central city readily available for redevelopment.

Both the Tenney-Lapham Neighborhood Association located east of the subject property and the newly formed Old Market Place Neighborhood Association have a vested interest in the outcome of these development plans. Increasing and improving both the housing stock and overall

community quality are primary concerns of these groups. Spokespersons for each group expressed the need for more shopping opportunities for the residents with emphasis upon grocery, hardware, specialty shops and restaurant uses.

A major land owner in the area, Reynolds Transfer and Storage Co., controls a large portion of the north one-half of Block 135. (See Appendix C for the size of the areas owned by the five owners of parcels on the north one-half of Block 134). Down zoning to R5 would impact each of these property owners (with the exception of the Crescent Electric Supply building, a prime candidate for residential conversion), whereas a C3 use would be compatible with existing zoning.

Thus the subject property is a part of a transitional, and politically sensitive area. Two neighborhood associations, Tenney-Lapham and the newly formed Old City Market associations, have vested interests in the future of Block 134 and 135. The neighborhoods, through their elected representatives and through their associations, will have a voice in determining the most probable use of the subject property. To develop the property the City will have to provide some financial assistance and political support to the private developer; the rehabilitation and marketing

risks are too high otherwise, and the overall development plan too uncertain.

C. Linkages

Linkages are those attributes that relate the site to its immediate surroundings, its activity centers, and its periphery point. The subject property is located on Madison's near east side, approximately six blocks northeast of the Capitol Square. Mifflin Street runs from the subject to the Square. Either Livingston or Blount connects the subject to East Washington Avenue, Johnson or Gorham Streets. East Washington Avenue, one block southeast of the subject, and provides a route to East Towne Mall, a major suburban shopping center about five miles away, and to the Interstate System, about six miles from the subject on Madison's eastern city limits.

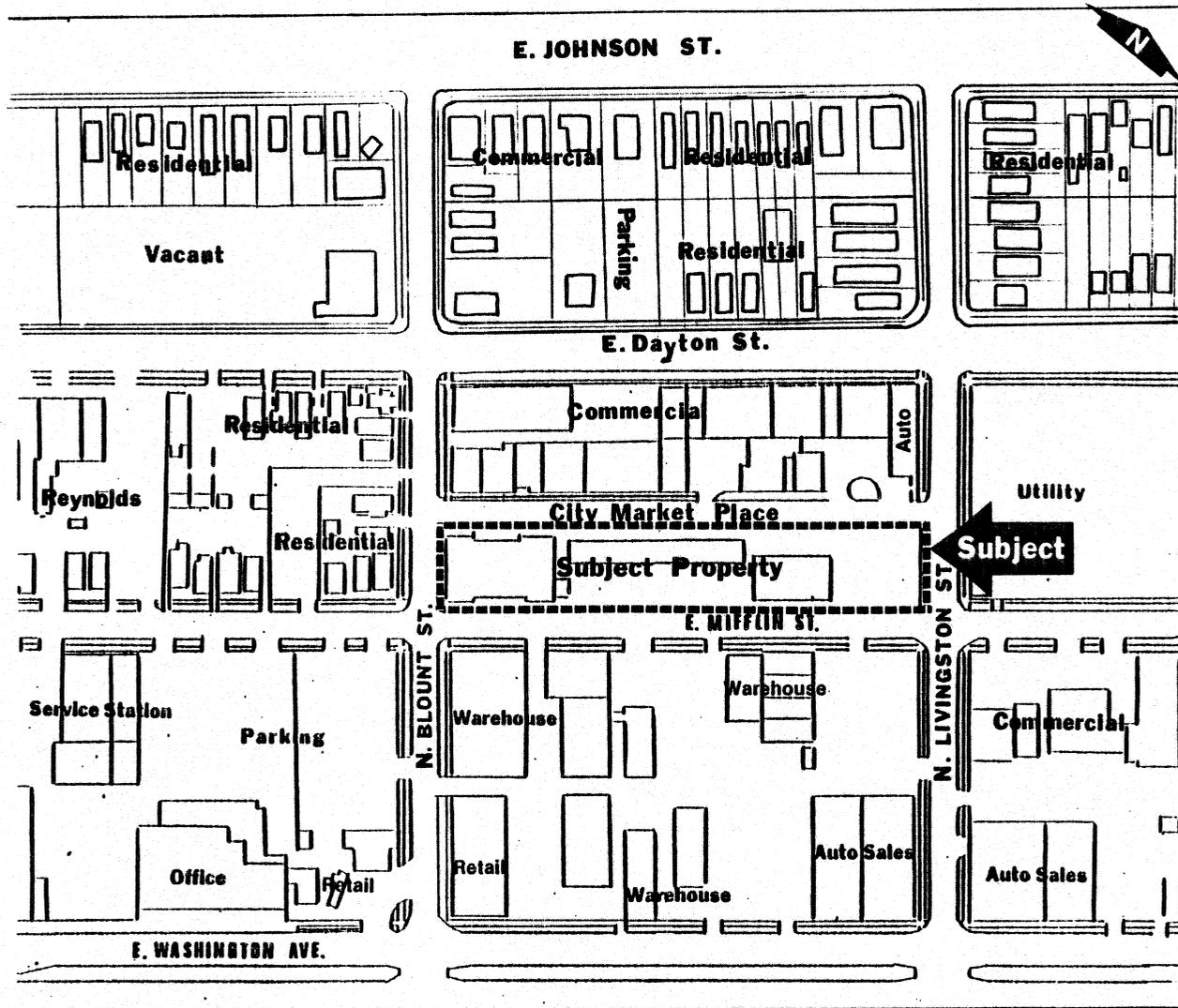
The subject is located in an area of varied land uses. To the southeast, along East Washington, there is a mixture of commercial and retail. Warehouses and auto related companies are prominent nearby. Manufacturing and industrial uses are found further southeast, beyond East Washington Avenue in M1 zoning districts. Immediately to the northwest, across Market Place, there is some residential usage but most of the block is devoted to commercial uses. To the southeast, northeast, and northwest between Dayton and Johnson Streets, the area is primarily residential in character, although there are a few

retail establishments, mainly along East Johnson Street. See Exhibit 4 for general land uses in the area. An analysis of uses in the immediate area revealed no significant pedestrian traffic generators. See Exhibit 5 for photographs of the surrounding neighborhood.

Although many people travel through this isthmus area each day, they may not be aware of the City Market and its immediate neighborhood. The primary traffic routes are East Washington Avenue, one block southeast of the subject, and East Johnson and East Gorham Streets, two and three blocks northwest of the subject, respectively. The 1980 traffic count figures, found in Exhibit 6, show the much lower traffic counts on East Mifflin, which runs along the subject property, as compared to nearby East Washington Avenue and East Johnson Street.

Since the subject site is outside the primary downtown commercial, office, and government areas, any probable site users would have to live in the immediate neighborhood or come by car or public transportation. The size of the subject site will permit some on-site parking and nearby streets also provide some limited parking spaces. Madison Metro bus service runs along East Washington, East Johnson, and East Gorham, providing good opportunities for public transportation.

LAND USE MAP



Landmark Research, Inc.

EXHIBIT 4

Source: Landmark Research, Inc.

EXHIBIT 5

PHOTOGRAPHS OF SURROUNDING NEIGHBORHOOD



View toward E. Washington Ave. from  
corner of Blount and Mifflin



View from subject across E. Mifflin St.  
Buildings are offices of Reynolds Transfer and Storage Co.



Residential use in C3 zone  
west of subject across Blount St.



Crescent Electric  
Supply building at  
corner of Blount  
and E. Dayton

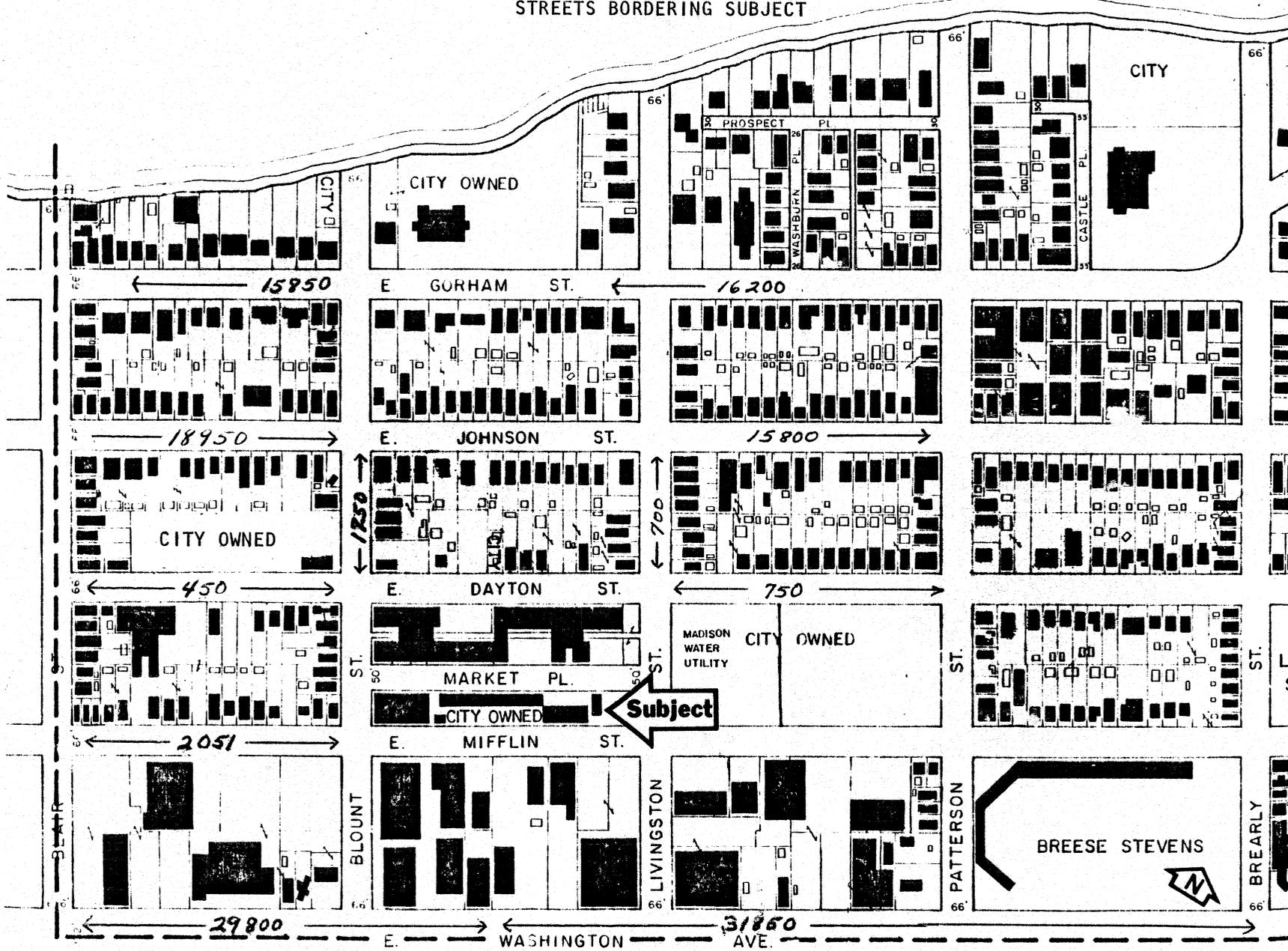


View of buildings at entrance to  
Market Place at Blount St. across from subject



Entrance to Market Place from Livingston St.  
Property in foreground owned by Reynolds

MAP OF 1980 TRAFFIC COUNTS ON  
STREETS BORDERING SUBJECT



Source: City of Madison, Traffic Engineering Division

Sudkamp Research, Inc

EXHIBIT 6

D. Dynamic Attributes

The subject is in an area that has felt the effects of suburbanization and the decline of the central city. Downtown Madison is a center for government, financial institutions, and office space, but has declined as a **retailing** center with the development of the East Towne and **West Towne** regional shopping centers as well as numerous **discount outlets** in suburban Madison such as Copps, Shopko, and Prange-Way stores.

Some renovation has taken place along East Washington Avenue. Rowley-Schlimgen and Jones Office Supplies on East Washington, only a block from the subject, is one such renovated building. Other rejuvenated buildings include the J.R. Wright Company, Madison Metro's headquarters, Independence Center, The Washington Post restaurant, and Washington Square. The high visibility afforded by East Washington frontage has been a vital factor in the successful renovation of these properties.

The City Market does not **have high** visibility nor is it readily recognized by the **general public**. Opinion regarding its future viability is very divided; the counterparts of those who sought the historic designation believe the building is of marginal architectural merit, at best, and should be demolished.

The neighborhood around the City Market building has been tagged with an "urban blight" designation. The citizens in this area are concerned about the future of their neighborhood and late in 1981 the Old Market Place Neighborhood Association was formed. A survey taken in conjunction with formation of this new group revealed the following top priority concerns:

1. Personal Safety  
- vandalism, theft, noise
2. Community Quality  
- housing, parks, local businesses
3. Landlord-Tenant Relationships  
- housing quality, repair response, rent increases
4. Access to Information  
- city, new developments and policies, local events

Thus, the area's inhabitants are concerned with the future of the City Market neighborhood and undoubtedly will voice their opinions as to future plans for the area.

#### E. Existing Improvements

##### 1. Background and Classification

Quoting from City Lights Madison, Vol. 2, No. 2, Sept. 14-Sept. 27, 1981:

Cattail fiber for the 'Bustle' in dresses, and frog legs for hotel dinners, were the chief products coming from the marsh area east of the Capitol Square in 1900. At that time, E. Washington Ave. was paved only to the foot of the Capitol hill; a dirt road led citizens down into the lowlands between Lakes Monona and Mendota.

At this time, the movement to develop "the City Beautiful" on Madison's isthmus looked disdainfully at the disorganized farmers' market which had established itself on the East Washington Avenue entrance to the square. It was from such inauspicious beginnings that the City Market Place was built on the lowlands between Lakes Monona and Mendota.

The subject land was conveyed from the Mendota Realty Company to the City of Madison on December 15, 1906, and the public market building, along with a hitching shed to keep the horses and their products separate from the farmers and their products was constructed in 1909 and dedicated in 1910. The market place inspired some opposition from the start as can be evidenced in this excerpt from a newspaper article covering the market's dedication.

[Mayor J. C. Schubert said] "...We have heard opposition to this market project among the farmers and among residents of the city. They opposed it because they did not make a study of the situation and could not realize the conditions which the city is facing."

The article goes on to state that:

[the Mayor] ...told of the markets of Europe, also municipally owned, and said if that was socialistic he was willing to plead guilty, for if bringing the government closer to the needs of the people were socialistic it was just what the people are entitled to.

The building was designed by architect Robert L. Wright of Madison. Wright was educated at the University of Wisconsin and had worked in various architectural offices of Madison for 17 years before receiving the commission. Having designed for J. O. Gordon and Son, and Claude and Starck, firms noted for their execution of buildings in the developing Prairie School style; it seems natural that Wright relied on the stylistic idioms he was familiar with to design the City Market. While R. L. Wright did not have the mastery of the Prairie Schools' nuances as did its major proponent, Frank Lloyd Wright, there are major stylistic idioms Wright incorporated in the building. These include the emphasis on the horizontality of the building. Wright was striving to relate the structure to the flat prairie land on which it rests. Wright's use of the three horizontal belt courses that ring the two ends help achieve this visual effect. This treatment, however, is superimposed over the squat, boxy additions thereby negating some of the visual impact. Wright further sought to achieve the Prairie School look through the liberal use of the wide, overhanging eaves and the low, hipped roofs. The wide eaves used around the ends have since been removed, further accentuating their boxy appearance. The windows, grouped together between the horizontal bands,

also help emphasize the low, flat, visual appearance. R. L. Wright strove to address the ideals of the Prairie School. The City Market represents a unique example of this type of stylistic design applied to a commercial structure in Madison. The original floor plan and photographs are shown in Exhibit 7, courtesy of a relative of Robert L. Wright, architect.

According to the minutes from the July 8, 1977, meeting of the Landmarks Commission, Mr. Henry Reynolds gave some insight into former uses of the City Market and the minutes state:

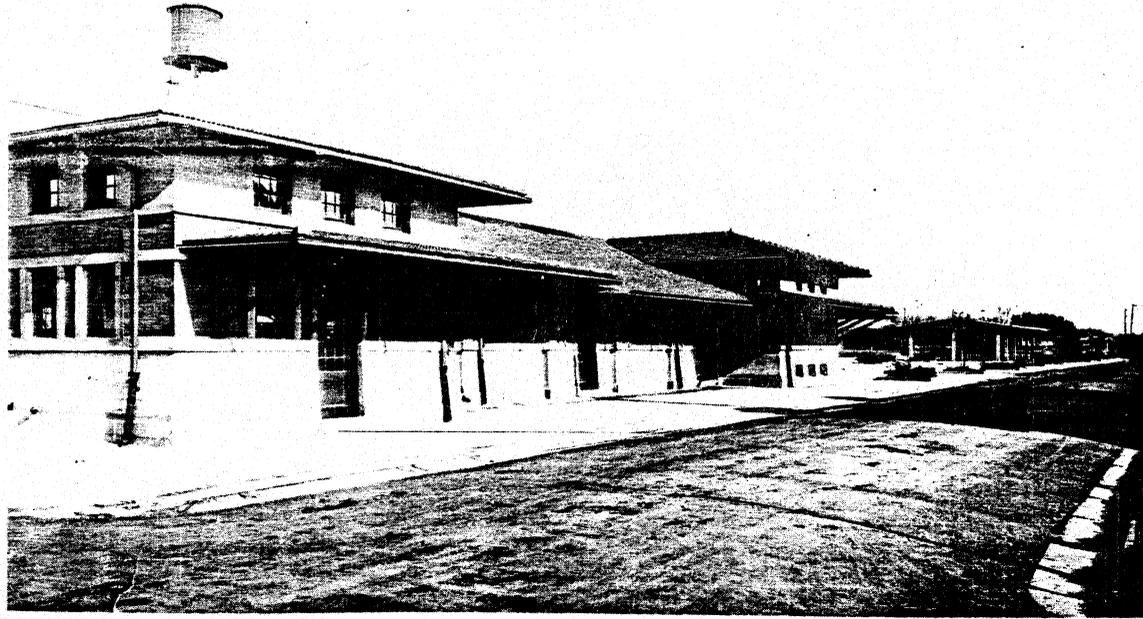
He also related a bit of the later history of the building. After its use as a City Market, it was for some years a grocery store and butcher shop. It was also a regular horse trading center much frequented by gypsies. It has been a garage for the City for nearly fifty years.

It was at this same meeting that the Landmarks Commission voted to make the City Market the fiftieth Landmark in the City of Madison. The City Market has since been listed on the National Register of Historic Places so it has both City and National designations as a historic structure.

Although still referred to as the City Market, its life as a market occupied only a small part of its history. Its primary use has been by the Department of Public Works and it is presently underutilized as a storage area for stolen bicycles by the Madison Police Department; a far cry from a

EXHIBIT 7

PHOTOGRAPHS AND FLOOR PLAN OF ORIGINAL STRUCTURE



MARKET HOUSE FOR THE CITY OF MADISON

—ERECTED 1909—

—ROBERT L. WRIGHT, ARCHITECT.— JOHN ICKE, CITY ENGINEER—

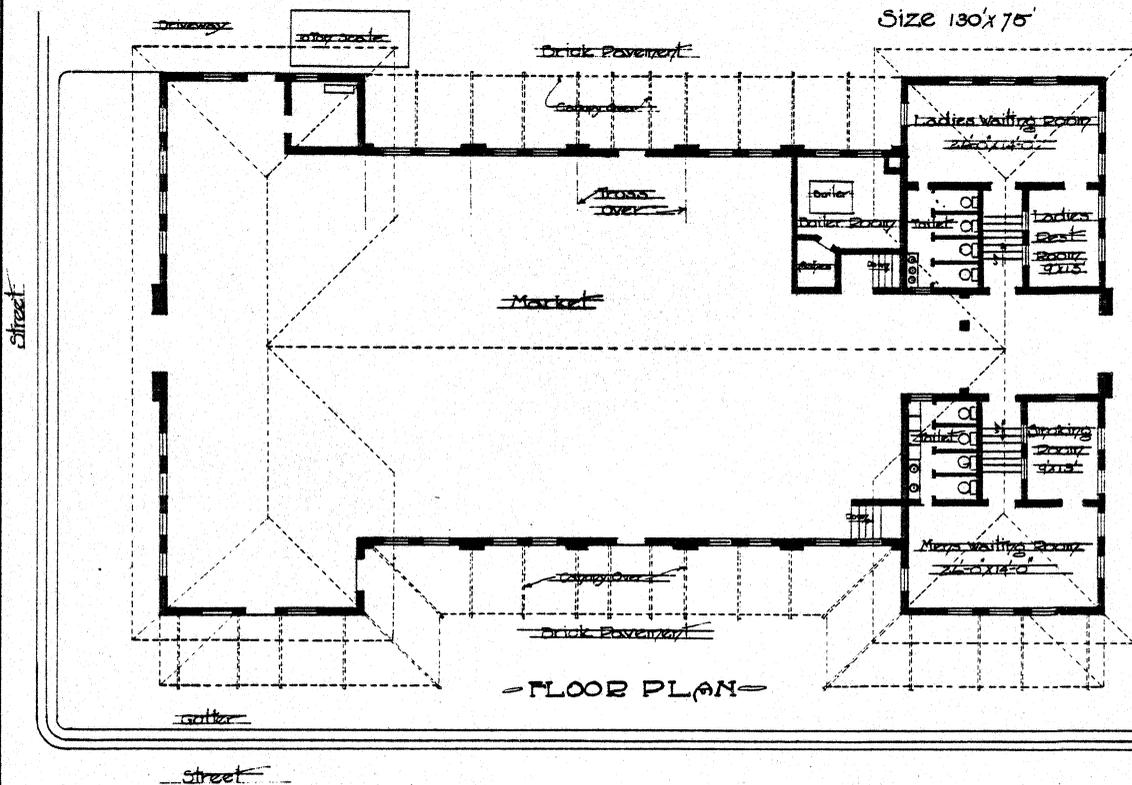


EXHIBIT 7 (Continued)



Photograph of painting of the City Market  
which hangs in Wisconsin State Historical Society

produce market. Oddly enough, the concept of a Madison produce market has been revived in recent years as a seasonal operation. It is located, of all places, back on the Square! Time changes things and so it is time for the City Market to start a new life as is explored in the various alternative scenarios.

## 2. Type of Construction

Four separate structures presently occupy the site. The principal building is the City Market Place. A general description of it is summarized in Exhibit 8. The other buildings consist of a concrete and brick garage building (originally a hitching shed and later enclosed) with an attached metal shed providing additional garage area, a long metal garage building with numerous overhead doors and a small Quonset-type building.

The City Market Place itself is the primary building and is H-shaped. It is approximately 75 feet wide by 130 feet long and has a gross building area of 8,050 square feet. See Exhibit 9 for floor plans of the main building. This building is located on the corners of Mifflin and Blount Streets and Market Place and Blount Street. A concrete ramp runs along the back of the building, along Market Place.

EXHIBIT 8

DESCRIPTION OF IMPROVEMENTS IN  
CITY MARKET PLACE STRUCTURE

NUMBER OF STORIES: One story with one end being raised with a basement under the raised portions only.

AGE: 73 years (erected in 1909)

ROOMS:

Basement	6 rooms (3 rooms or spaces in each of 2 separate basements areas)
1st Floor	Grade level consists primarily of one large room although a small office area has been created within this area by wooden partitioning. Also, crude wooden enclosures were added on under the wide, overhanging eaves on both the front and back sides of the building. There is also a boiler room off of the main grade level. The raised portions of the main level were originally bathroom facilities and each consisted of 3 main rooms (toilet area, waiting room and rest room (ladies)/smoking room (men)) totaling 6 rooms. Some wooden partitioning has further divided these areas on a temporary basis.

EXTERIOR:

Foundation	Concrete
Walls	Poured concrete base with stretcher bond brick above it
Roof	Middle section is a gabled roof with each end having a low hipped design. The roofing is asphalt shingles with some areas patched with corrugated metal roofing.

CONSTRUCTION:

Floors	Poured concrete
Rafters	Wooden
Beams	Steel truss system

BASEMENT: Partial basement, unfinished

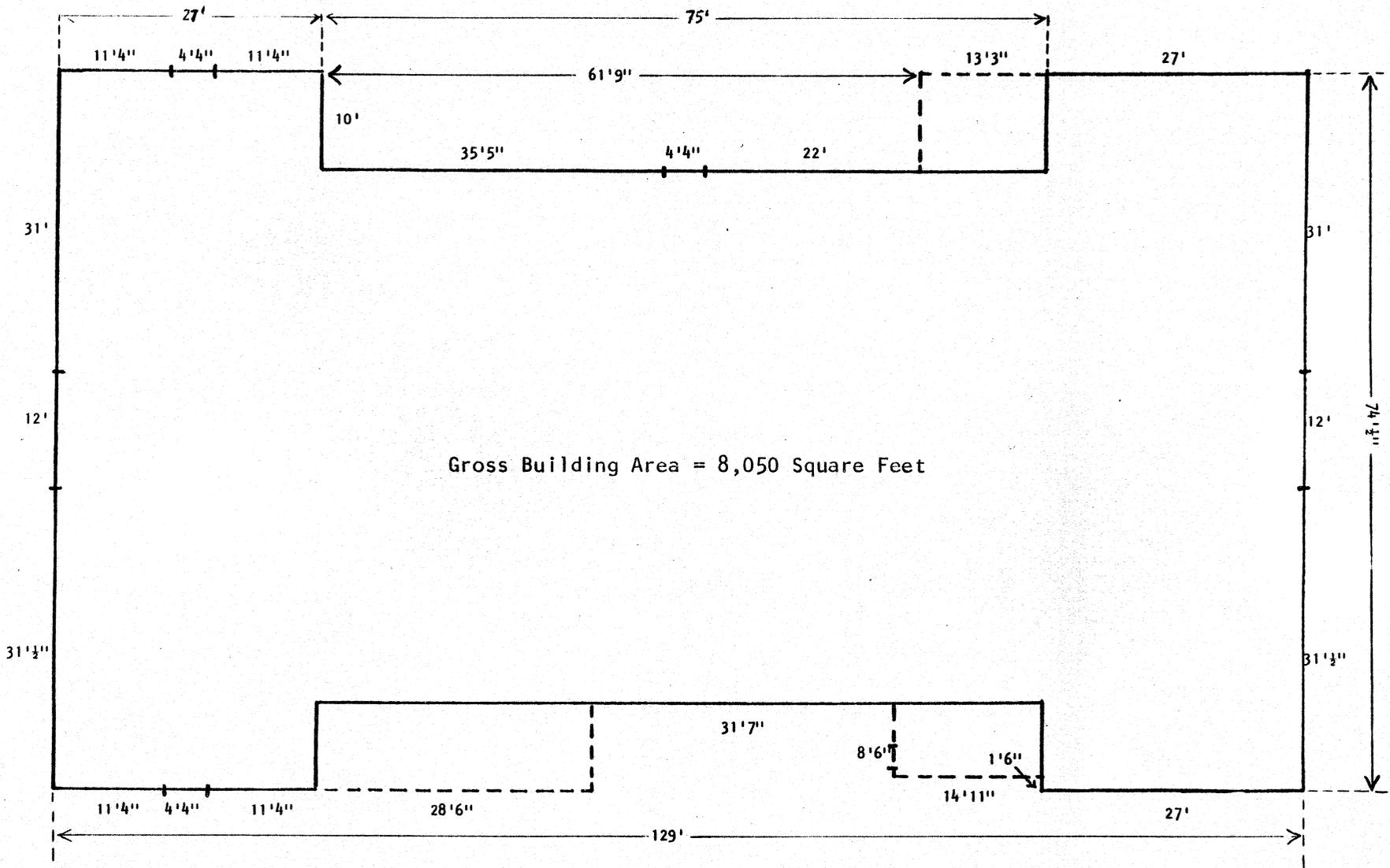
HEATING: An old, coal fired boiler converted to gas; radiators were used to distribute the heat.

AIR CONDITIONING: None

UTILITIES: 20 inch water main, 18 inch and 8 inch sanitary sewer mains, 18 inch and 12 inch storm sewer lines adjacent to subject property. Electricity and phone service available to site.

Source: Landmark Research, Inc.

FLOOR PLAN OF MAIN BUILDING

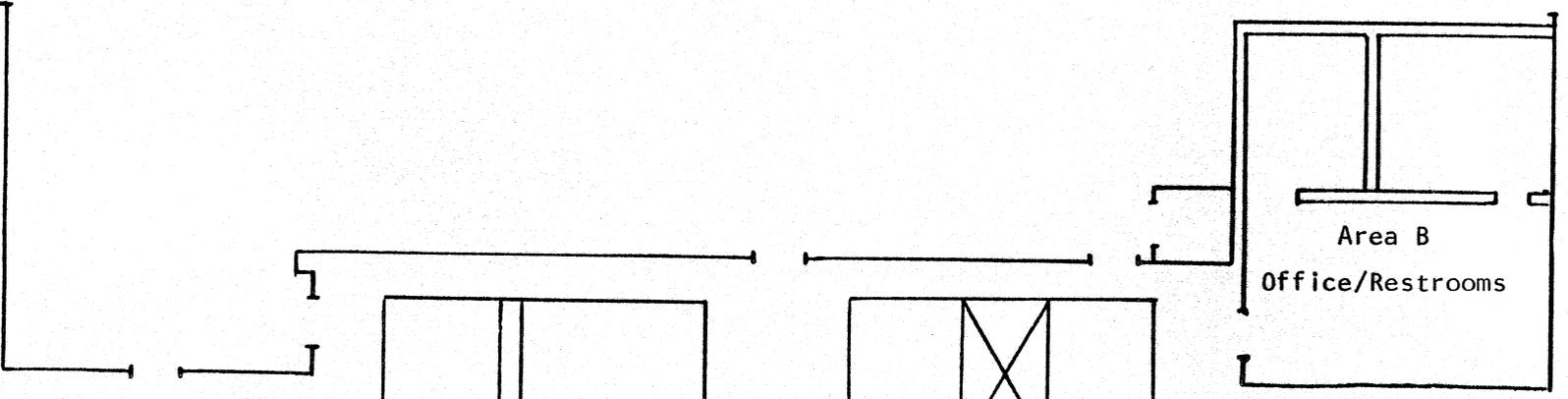
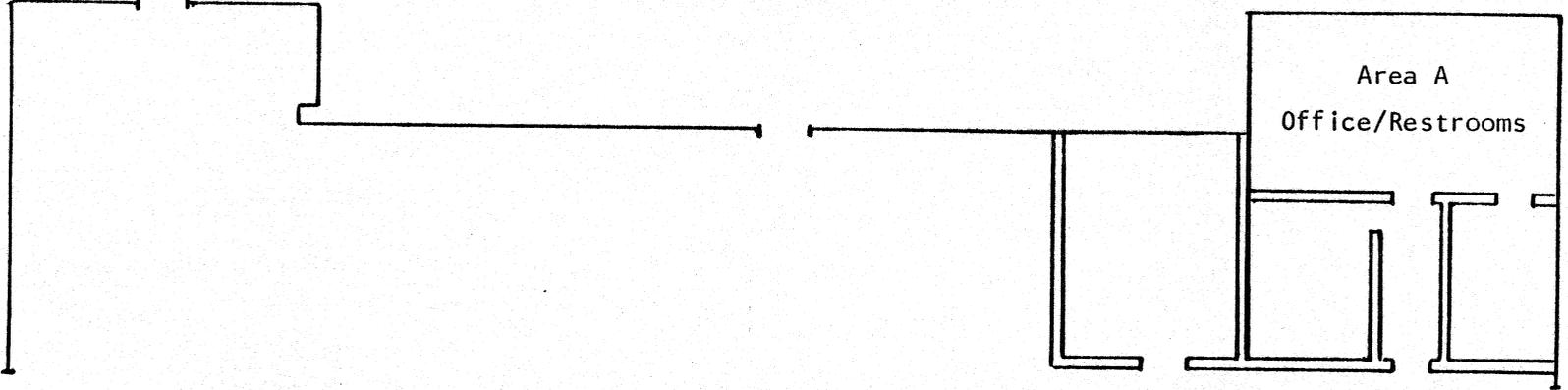


Landmark Research, Inc.

EXHIBIT 9

Source: Landmark Research, Inc.

EXHIBIT 9 (Continued)



Basement under Area A

Basement under Area B

The structural system for this building uses load bearing masonry exterior walls. A concrete base angles slightly inward from the foundation and supports the two wide horizontal brick portions of the exterior wall. The brick is set in a stretcher bond pattern. Three narrow horizontal concrete belt courses encircle the building. The middle section of the roof is a gable type while each of the two ends have a low slope, hip roof design. The roofing is part asphalt shingles and part corrugated steel. The middle section has skylight openings on either side of the ridge or peak of the roof. Exposed rafters are visible under the wide, projecting eaves. One single stack chimney pierces the roof and is located on the roof slope closest to Market Place.

The windows are set into a flat opening with plain concrete head, concrete side surrounds and concrete lugsills. The windows on the first floor are double hung with six panes in each division. The upper windows have nine panes in a fixed sash. The basement windows have been boarded up and or filled in so there is no natural light in the basement areas. Some of the main windows on the northeast corner of the building have metal bars on them and many of the other windows have been boarded up.

The doors are also set in a flat opening with plain concrete side surrounds and a transom-type window above. A large overhead garage door is located on each end of the building for vehicular access.

The original hitching shed, located on the corner of Mifflin and Livingston Streets (in background of photo in Exhibit 7), was walled in with brick and some windows and overhead garage doors were installed. A metal shed-type garage building is attached to it along the Mifflin Street side. The overall dimensions of this building are 63 feet by 100 feet.

The long metal garage building measures approximately 226 feet by 30 feet and hugs Market Place with its many garage doors facing Mifflin Street.

The last building on the site is a small metal Quonset-type building, used with gas pumps by the city streets department. See Exhibit 10 for photographs of exterior and interior views of the subject property.

### 3. Structural Condition and Code Conformity

The City Market Place is in need of many structural repairs; the structures have received inadequate maintenance for many years. There are many cracks in the foundation walls, the most severe of which are located on the northeast side of the building. (See Exhibit 10 for

EXHIBIT 10

PHOTOGRAPHS OF EXTERIOR AND  
INTERIOR VIEWS OF SUBJECT PROPERTY



Landmark designation plaque



View from Blount St. and Market Place intersection  
Note ramp along Market Place side of building



View from corner of Blount and Mifflin.  
Note Crescent Electric Supply building in background.  
Note temporary plywood wall under roof overhang.



Metal garages northeast of main building  
erected by City of Madison Street Dept.



Metal shed erected by  
City of Madison Street Dept.



Metal addition added to original masonry pavillion after City Market Place closed



Crack in foundation as seen from the outside on northeast side of building



Northeast side of building which houses partial basement. Picture taken at northeast corner.



Southeast corner of northeast side of building



View from Blount St. entrance. Area beyond trusses contained finished partitioned space. Note deterioration of concrete floor.



Looking toward Blount St. entrance. Note that trusses span mid-section (gabled roof) of structure only. End sections with hip roof have no trusses.



Finished room at northeast corner of structure. Note cracks in wall from shifting of foundation.

The most extensive roof damage is found in boiler room.





Basement located in southeast corner of building. Note how intrusion of foundation wall has moved door jam.



Foundation wall in southeast corner of basement.  
Note section of wall leaning inward.



Basement in northeast corner of building. Supports installed by City of Madison to counter movement of foundation.



Corner of basement shown above. Note extent of foundation crack.

photographs.) Some stop-gap repairs have been made in this area, but prior to rehabilitation of the building a structural and soils engineers should be consulted regarding this problem. The concrete floor of the building is very cracked and uneven, and a new floor, possibly poured concrete or a false wooden floor above the existing irregular concrete floor, would be required upon renovation. Another major area requiring attention is the roof, including the framing and the covering. Many of the roof rafters appear to be rotting and in several places there are holes in the roof, allowing pigeons to freely enter the building. There are numerous windows in need of repair or replacement as well as broken glass in the skylight panels. The plywood frame additions, especially on the southeastern side of the building, are in a deteriorated condition and historic renovation would probably require these additions removed to more closely replicate the original exterior facade. For further detail and information on the building's structural condition, see the reports by William Bakken and Katherine Rankin in Appendix A. Deferred maintenance and structural problems will continue to mount the longer the problems remain unattended.

The other structures on the site are also in various states of disrepair. As will be seen in each of the possible scenarios which follow, demolition of these three peripheral structures is recommended.

The building contains approximately 190,000 cubic feet and therefore plans and specifications for any alterations must be prepared, signed and sealed by a Wisconsin registered architect or engineer.

According to Karl Tetzlaff of the Madison Planning and Development Department, Developmental Assistance Office, the City Market building is well suited for use as a factory, office and mercantile building as described in Chapter Ind. 54 of the Wisconsin Administrative Code, and for restaurant, theater and assembly as described in Chapter Ind. 55 but the window heights are wrong for residential use. In a C3 zone, residential use is not permitted on the first floor.

In addition to the requirements for a barrier-free environment contained in Chapter Ind. 52.04, it is assumed the rehabilitation plans will satisfy all electrical, plumbing, HVAC, roof, exit and firewall requirements for Madison and Wisconsin codes.

Since the building has been vacant for more than a year prior to sale, the City of Madison Building Inspection

Office will require a new occupancy permit which is granted only after a formal inspection of the premises.

Essentially the Market Place building is currently a masonry shell with a rotted roof deck, which will need to be completely retrofitted to meet all City and State codes. Therefore a developer will be required to work closely and cooperatively with the City, the State and the office of the Secretary of the Interior to meet all the requirements to qualify both for an occupancy permit and for the rehabilitation tax credit.

#### 4. Comparison of Energy Investment in Rehabilitation and New Construction

The Advisory Council on Historic Preservation has published a booklet, entitled Assessing the Energy Conservation Benefits of Historic Preservation: Methods and Examples, which contains three analysis models to evaluate energy investment in older and new buildings. The more simplistic model, the concept model, is used to evaluate the City Market building.

There are two ways to consider energy that will be saved by reusing the City Market Building: first, there is a fixed amount of construction energy including processing and transporting of materials already locked up in the building that would be lost if it were demolished, and

second, the long term operating energy requirements of the existing building must be compared with that of a replacement structure of equivalent size.

a. Loss of Embodied Energy

The energy that is locked up in a building, in the materials and labor that were used to construct it, is called the embodied energy. This embodied energy is measured in British thermal units (BTUs) or million British thermal units (MBTUs).

For the City Market Building, this embodied energy is equal to 7,808,500 MBTUs. If the City Market Building is allowed to deteriorate and eventually be demolished, this embodied energy will be lost forever.

b. Energy Costs Compared with a New Structure

Perhaps more significant is the savings that renovation offers over replacing the market with a new structure of similar square footage. To make this comparison, the energy cost to renovate the City Market (in terms of the energy it takes to produce the materials for renovation and the energy it will take to install them) is combined with the energy cost it will take to heat, cool, and illuminate the building each year. Then this figure is compared with the energy cost

it would take to demolish the Market Building, construct an equivalent structure in its place and provide annual heating, cooling, and illumination. The results show that keeping the old building is a substantial energy saving.

To renovate the City Market Building will require 2,342,550 MBTUs. To operate the renovated structure will require 1,871,625 MBTUs per year. The energy use per year was calculated using the annual energy requirements for restaurant facilities, known for their high energy consumption rates per square foot.

To demolish the City Market Building and replace it with a new structure will require 7,808,625 MBTUs. To operate the new structure will require the consumption of 1,497,300 MBTUs, a slight savings over the old building. However, when the combined construction and operating costs are compared, the new building does not "catch up" with the renovated city market building in energy conservation until 15 years later.

The result: It can be argued that the renovated City Market Building has the potential to save energy as compared to a replacement structure, but the methodology to prove that potential is as yet unrefined by its advocates.

The calculations are found in Appendix D.

### III. MOST PROBABLE USE

After completing an inventory of positive and negative attributes of the property, of the legal and political constraints on future use, and of the immediate linkages of the location, the appraiser then must identify possible compatible uses. Each considered use must maximize the marketable attributes of the property, minimize its negative characteristics, and operate within the limits of a justified, prudent investment.

#### A. General Market Characteristics

When a site is in search of a use, a logical beginning point is the examination of the existing and potential markets for the several permitted, conditional and most probable uses of the site. The physical attributes of the site and the character of the surrounding neighborhood suggest office/warehouses for small businessmen such as contractors, and branch sales offices; retail uses including grocery, hardware, or a variety of specialty shops; restaurant use for a unique dining/entertainment experience; an indoor-outdoor market place in which local residents and farmers sell crafts, second-hand goods or specialty items from booths within the building and a seasonal outdoor market for fresh produce and crafts.

The office space market must be considered marginal. Better located Class B office buildings around the Square have a vacancy rate of approximately ten to twelve percent; the State, once a large user of private space, currently has no immediate need for more. The completion of GEF II and III, and the City's purchase and subsequent move into the old Post Office on Monona Avenue have added to the inventory of office space in central Madison. The old First Wisconsin operations building at 102 North Hamilton and the old Frautschi Furniture Store on South King Street are still on line for renovation as office/commercial space.

Independence Center and Washington Square, east of the subject property, continue to have vacancies even with a lowering of the full service rental rate to \$6.00 per square foot at Independence Center. The Madison Metropolitan School District is now actively renting vacant schools. The former Lapham School, near the subject site has been in demand because of its proximity to downtown, but there has been some turnover and vacancy even at this location with moderate rental rates of \$ 5.00 to \$6.50 per square foot.

The J. R. Wright Co., on the corner of Blount and East Washington, pays \$850 per month for approximately 8,000 square feet; this translates to \$1.28 per square foot net except for a base real estate tax. When the Wright Co. took occupancy, the

building, a former do-it-yourself car service garage, was in poor condition. The lessee installed a new HVAC system, dropped the ceiling in the front space used as a sales office, and generally restored the building. The zero lot line yields no on site parking so the lessee uses the inside dead storage space at the rear of the building for staff parking.

Warehousing space needs to be divided into two submarkets: large open space and small subdivided space for mini-warehouse use. In general, larger warehousing has moved to the outskirts of the urban area where land costs make it more feasible. A warehouse use of the subject property alone would not adequately utilize the large site. The high ceiling, interrupted by steel trusses, does not lend itself to the full utilization of a potential second floor. The construction of compatible one story warehouse/office units on the site for use by contractors, for example, who need to have a large inventory of supplies readily available and also need to display products, is a more feasible use of the site. Branch sales offices of larger distributors are also a potential market. A summary of the current market rental rates for this type of space is found in Exhibit 11.

Neighborhood representatives indicate a strong need for a retailing center in the neighborhood which would include grocery, hardware, and restaurant use. Currently, a cluster of

MARKET RENTAL ANALYSIS  
OFFICE/WAREHOUSE SPACE IN MADISON

	<u>Contact #1</u>	<u>Contact #2</u>	<u>Contact #3</u>	<u>Contact #4</u>	<u>Contact #5</u>
<u>WAREHOUSE</u>					
Rent	\$2.35-\$2.75/SF	\$2.25-\$2.50/SF	Maximum of \$2.50/SF	\$1.40-\$1.50/SF Without loading dock \$1.80-\$2.00/SF With loading dock	\$2.00-\$2.50/SF
Lease Terms		Taxes & insurance paid by lessor	Triple net lease	Triple net lease	Triple net lease
<u>OFFICE</u>					
Rent	\$4.75-\$5.25/SF	\$4.75-\$5.00/SF		\$6.00-\$6.50/SF	\$6.00-\$8.00/SF (on a gross basis is the custom)
Lease Terms	Lessee pays utilities, maintenance, pro rata share of grounds upkeep. Lessor pays taxes. 50% of CPI escalator.	Improvements provided by lessor if space large enough and lease 3 or more years long.		Includes heat, utilities, and janitorial.	Landlord responsible for taxes, insurance and exterior repair. Tenant responsible for utilities, janitorial and routine maintenance.
Comments	Add \$2.40 to \$2.50 to the warehouse rate.	Add \$2.50 to the warehouse rate for each SF of office area. Rates may be a		This rent range is for space similar to Independence Center Space.	Can be as low as \$3.50 up to \$7/SF for certain older areas. On the

Landmark Research, Inc.

EXHIBIT 11

shops along East Johnson at the corner of Paterson and another few shops along East Johnson near Tenney Park serve both the Tenney-Lapham neighborhood to the northeast of the subject site and the City Market neighborhood to the Capitol Square. Across the Yahara River to the east, the Fiore Shopping Center contains an Eagles' grocery store, a Rennebohm-Walgreen drugstore, Trigg's bakery and several other small shops. A few scattered retailing establishments mixed among the used car lots and wholesale distributorships on East Washington complete the current inventory of shopping opportunities for the residents of the area.

Market rents for retailing and restaurant uses are highly correlated with site attributes; the market rents summarized in Exhibit 12 must be adjusted to be applicable to the subject site.

The restoration of the original use of the City Market Place as a public market place was also investigated. Only seasonal outdoor market rents are available for Madison; the flea market or rummage market, active in the Milwaukee area, has not been tried in the Madison area, and the demand is untested. Milwaukee operators report an extremely strong market for this use; people are on waiting lists to rent booths in the Rummage O'Ramma and Seven Mile Fair in Milwaukee. Distressed economic conditions and/or the desire to try retailing on a

MARKET RENTAL ANALYSIS  
RETAIL AND RESTAURANT USE

	<u>Contact #1</u>	<u>Contact #2</u>	<u>Contact #3</u>	<u>Contact #4</u>	<u>Contact #5</u>
Use	Grocery Smaller unit in Central City	Grocery 7,400 SF in subsidized housing development	Restaurant (Shell space)	Restaurant (Turnkey)	Restaurant (Shell space)
Range of Rents	\$4-\$5/SF Base rent	\$2.30-\$3.36/SF Base rent after rent-up period of 4 years	\$4-\$4.50/SF Base rent	\$5.50-\$6.50/SF Base rent	\$7-\$10/SF Base rent for excellent location
Lease Terms	Triple net + percentage of sales	Tenant=Utils., Leasehold improvements which remain in tenant's possession	Triple net	Tenant pays utilities & share of CAM	---
Comments	Most grocery operators want a minimum of 30,000 SF. Adequate parking is a must. High consumer demand for grocery store in Capitol Square area but not feasible to date.	Store is located in housing devel- opment & public agency is the landlord.	Old house & barn converted to restaurant & bar. Rental figures based on owner's estimate of feasible rents given their costs.	Restaurant leases very individualized & complex.	Overage 6% of a floor amount of gross sales.

Source: Landmark Research, Inc.

EXHIBIT 12

MARKET RENTAL ANALYSIS  
RETAIL AND RESTAURANT USE

	<u>Contact #6</u>	<u>Contact #7</u>	<u>Contact #8</u>	<u>Contact #9</u>	<u>Contact #10</u>
Use	Restaurant (Shell space in shopping center)	First floor retail Capitol Square area	Real estate sales E. Washington Ave.	Hardware East side	Hardware West side
Range of Rents	\$4-\$4.80/SF Base rent over 5 year period	\$6.50-\$10/SF	\$1.28/SF Vacant, deteriorated space	\$2.00/SF (3,000 SF)	\$4.71/SF (1,400 SF 1st floor + base- ment)
Lease Terms	Triple net includes increase in real estate tax + overage rent; 6-7% of gross sales \$900,000- 1,250,000.	Tenant pays utilities & janitorial. Landlord pays base real es- tate taxes & maintenance & insurance.	Landlord pays base real es- tate taxes & base insurance only. Tenant has option to purchase.	Tenant pays everything.	Landlord pays base real es- tate taxes, insurance, major repairs.
Comments	Extensive renovation required in conversion from grocery to restaurant.	Tenants made leasehold improvement in finished space.	Tenant has done major renova- tions - uses front part of building for sales & rear for parking cars inside. No on- site parking.	Few parking spaces at rear.	Tenant purchased leasehold improvements from former tenant. Two parking spaces, but on same block with Sentry Market.

EXHIBIT 12 (Continued)

small scale have created a heavy demand for these seasonal and weekend fairs. People rent booths from \$25-\$45 per booth (100 SF) per weekend for the opportunity to sell crafts, used items, and new bargain products. A large, vacant department store and the exhibition buildings at the State Fair ground have been used for this weekend operation. When converted to an annual basis the operators pay from \$2.45 per square foot to \$4.33 per square foot on a gross lease except for janitorial services. The success of these operations depends heavily upon the entrepreneurial skill of the operator (lessee).

The seasonal farmers' markets in Madison and Middleton charged the following rents to the week-end retailers:

Madison - Capitol Square

- |                               |            |
|-------------------------------|------------|
| 1) Parking stall - 24'        | \$4.00/day |
| Display area - sidewalk - 16' |            |
| 2) Other stall                | \$2.00/day |
| Display area sidewalk - 8'    |            |
| No parking                    |            |

Middleton Springs Shopping Center

- |                        |            |
|------------------------|------------|
| 1) Parking and display | \$3.00/day |
|------------------------|------------|

The expenses, including advertising, security, permits, printing of brochures, and communications with vendors are paid from these revenues. Both farmers' markets have been able to adequately cover expenses.

Residential use in a C3 district is permitted above the ground floor and may not exceed fifty percent of the total

building area and may not exceed four dwelling units. The high ceiling, steel trusses, and present fenestration would make the addition of a completed second floor unfeasible, so a residential use with the current zoning is not likely. It is highly improbable that the City will allow spot zoning to R5 for just this parcel. A further discussion of potential residential use can be found later in the report when the plottage value of all or part of Block 134 is explored, assuming a zoning change to R5 for the entire block.

B. Alternative Uses

An analysis of the property attributes and the general market characteristics suggests the following alternative scenarios as the most probable uses of the subject property. Sketches for each of the following scenarios are found in Exhibit 13.

Scenario #1

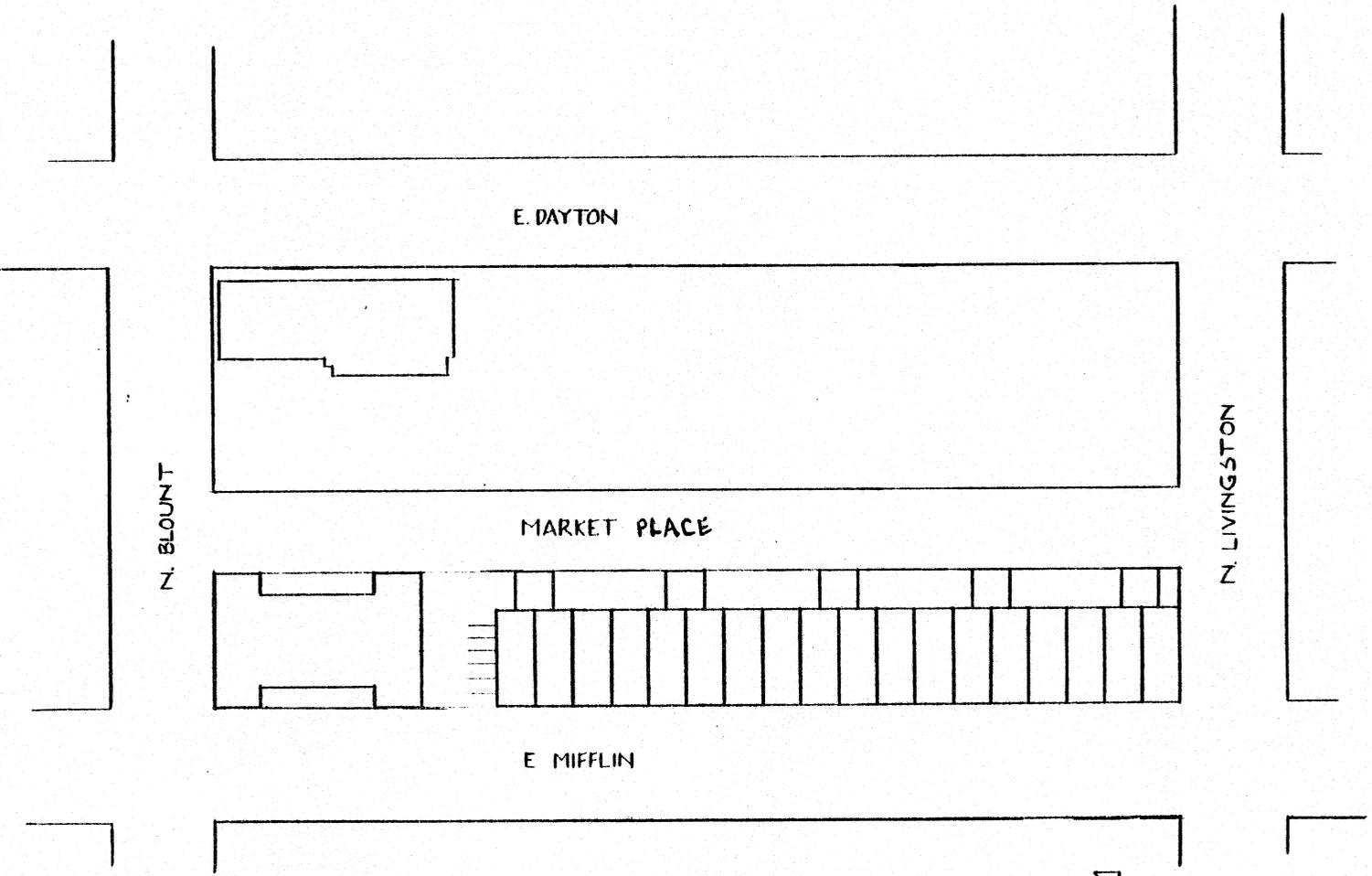
The building is rehabilitated as unheated warehouse space and leased to a mini-warehouse operator. All leasehold improvements, including storage bins, an abbreviated second floor storage area, and finished office space are completed by the tenant. There is new construction of 18 warehouse office units, each with 1,000 square feet of storage and 320 square feet of office. Alternate units have loading docks. Two parking spaces are available at the rear of each unit. Offices front on Mifflin Street and warehouse access is from Market Place.

Parking for mini-warehouse users is in the open area between the new units and the original structure.

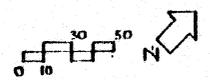
SCENARIO #1  
UNHEATED WAREHOUSE  
and  
HEATED WAREHOUSE/OFFICE USE

EXHIBIT 13  
SKETCHES OF MOST  
PROBABLE USE SCENARIOS

60



Source: Landmark Research, Inc.



Scenario #2

The existing structure is demolished and 26 warehouse/office units (22' x 60') are constructed; each warehouse contains 1,000 square feet and each office has an area of 320 square feet. Alternate units have loading docks and two parking spaces are available at the rear of each unit. Offices front on Mifflin Street and warehouse access is from Market Place.

The rehabilitation tax credit is lost and the depreciable basis in the property and demolition costs are added to the land value so that no depreciation can be taken for the demolished Landmark building.

Scenario #3

The existing structure is rehabilitated for use as an indoor market place and the parking area, complete with a covered walkway, is used as a seasonal outdoor market. The heated, rehabilitated, existing structure is leased to a marketing entrepreneur for use as a public market place; individuals can rent booths for a defined time period to retail their crafts, second hand goods, homemade baked goods, or other products. Furniture and fixtures, most of which are personalty, are provided by the lessee. It is assumed the lessee would consider the addition of a second floor area at the open end of the structure. The second sketch for Scenario #3 illustrates this potential use of space.

Scenario #4

The existing structure is rehabilitated for lease as a retail shell to be used for either a grocery, hardware, or restaurant. A rent of \$3.75 per square foot is the maximum that can be expected, and a grocery might pay less initially. A covered walkway connects the approximately 74 car parking area northeast of the building to the existing structure. The brick walkway and decorative scroll work on the support structure of the canopy roof over the walkway ties the building lines with those of the site improvements. The lessee of the rehabilitated shell pays all expenses except the base real estate taxes and structural maintenance.

SCENARIO #2  
HEATED WAREHOUSE/OFFICE USE

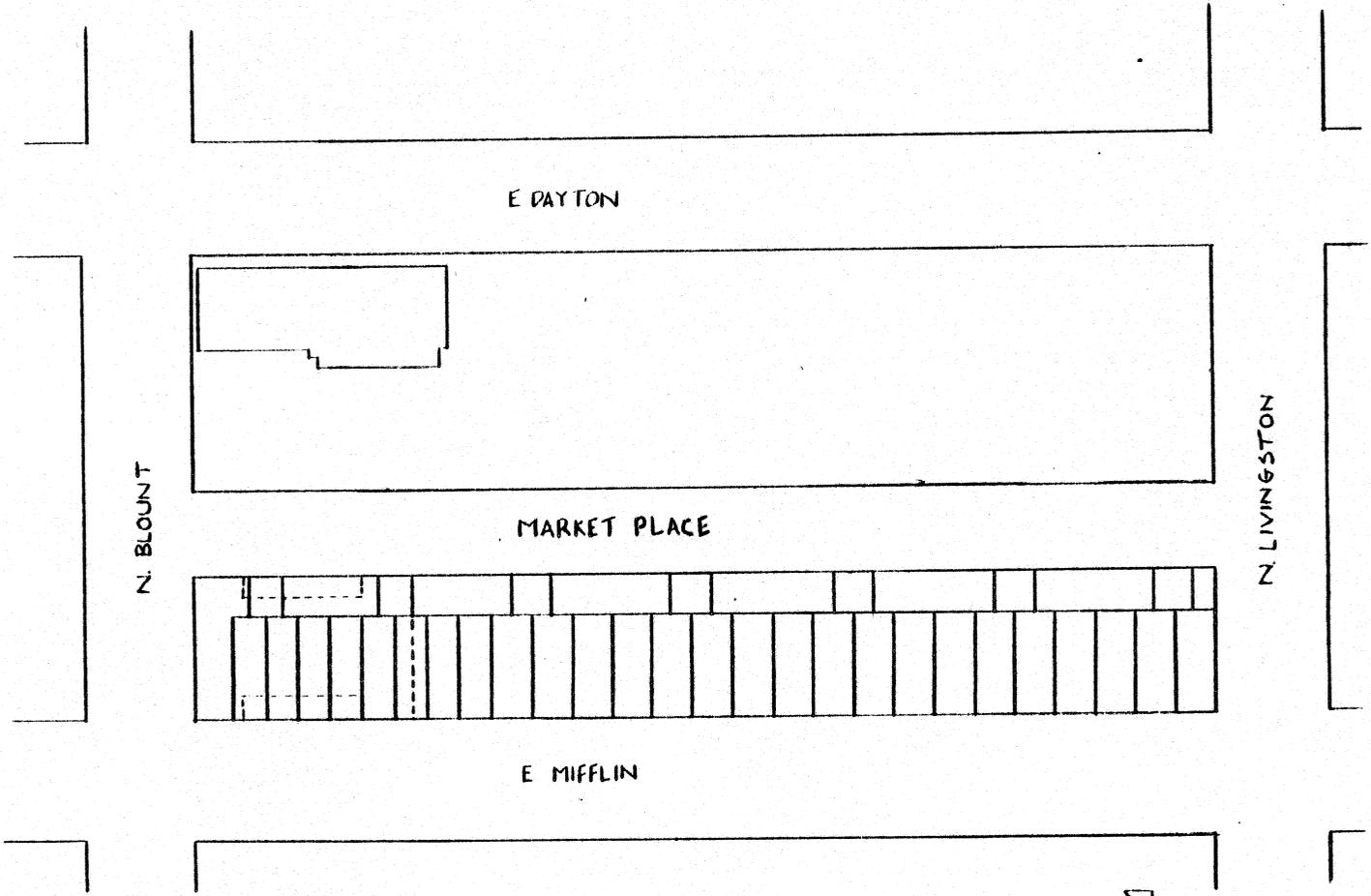


EXHIBIT 13 (Continued)

SCENARIO #3  
MARKET PLACE USE  
(Existing Structure Only)

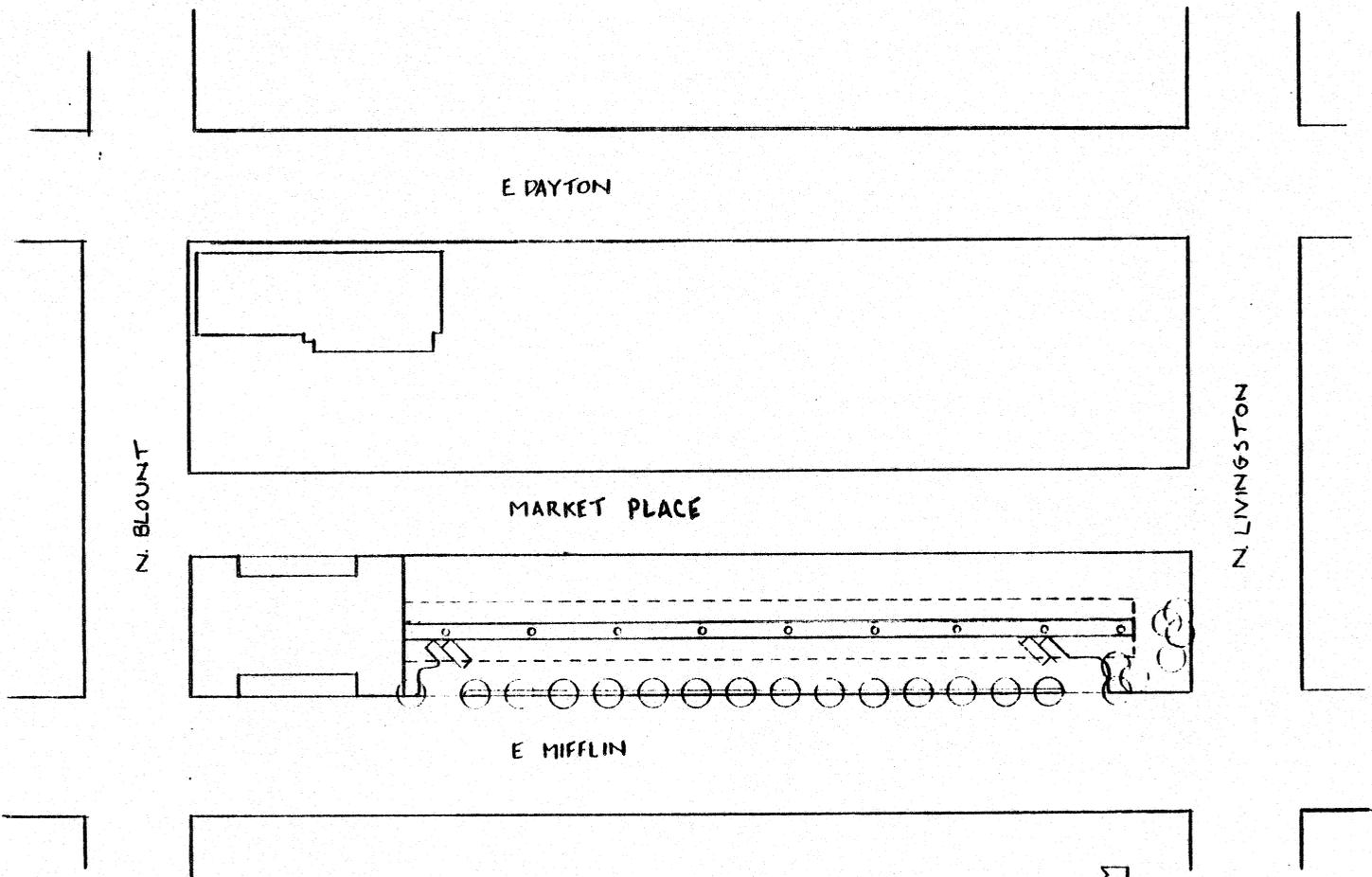
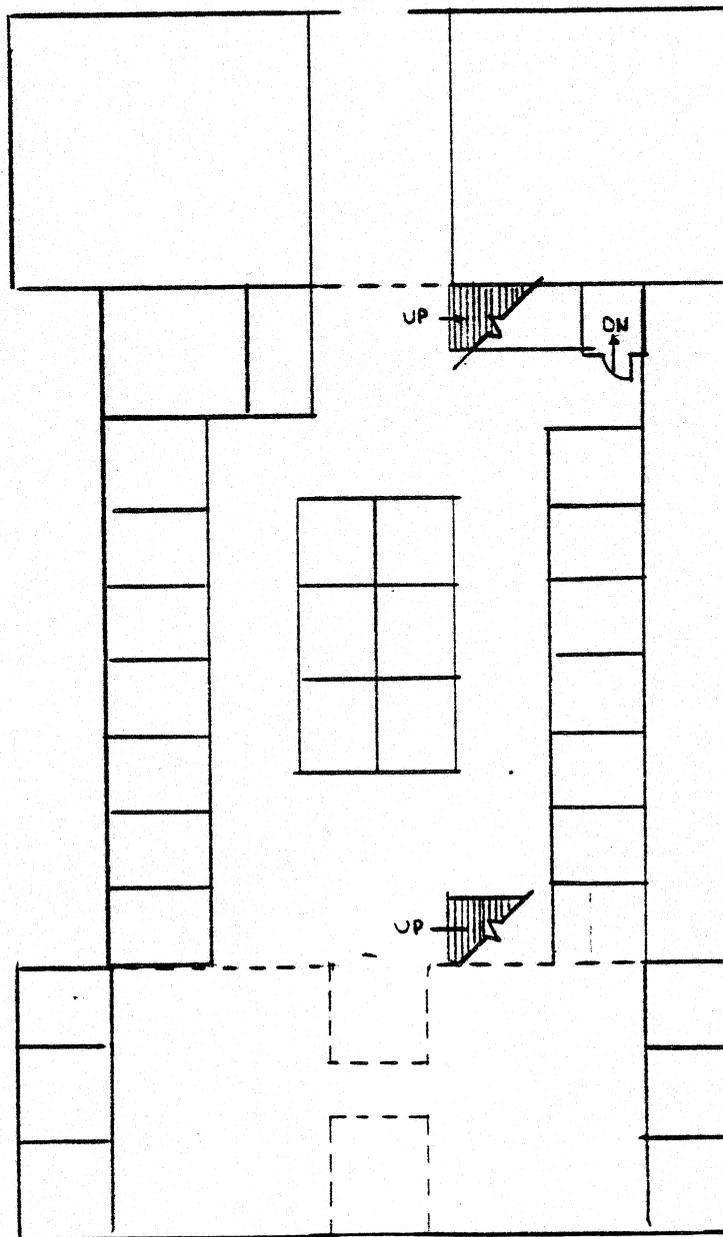
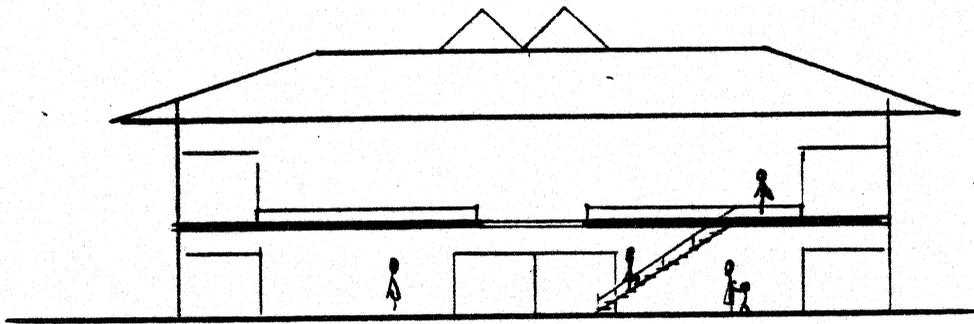


EXHIBIT 13 (Continued)

EXHIBIT 13 (Continued)

SCENARIO #3 (Continued)

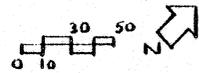
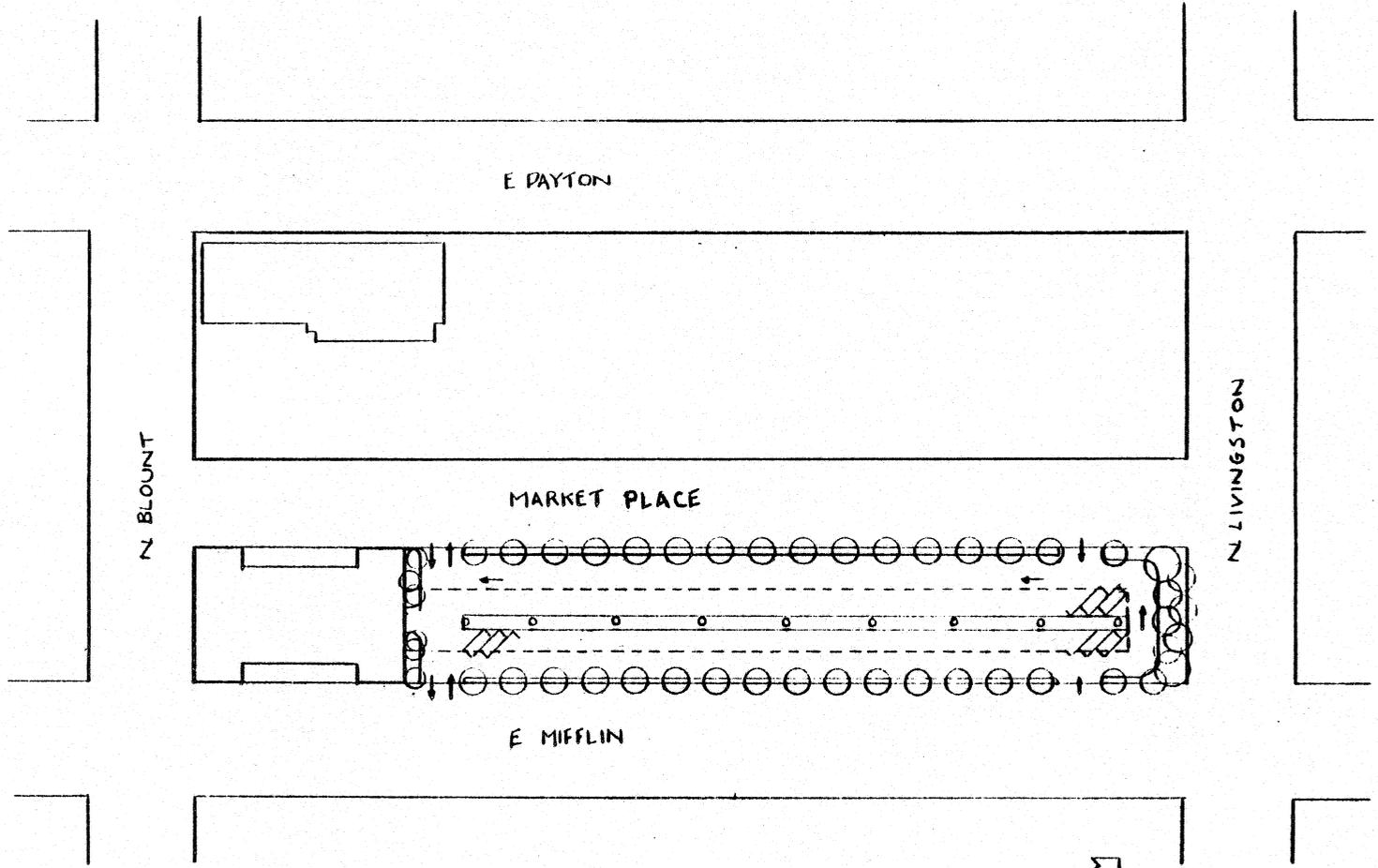


1" = 20'-0"

SCENARIO #4  
RESTAURANT/RETAIL USE  
(Existing Structure Only)

EXHIBIT 13 (Continued)

65



Scenario #5

The existing structure is rehabilitated for use as a retail shell and there is new construction of single story retail space (10,800 square feet) which is linked with the existing structure. Skylights over the interior corridor are similar to those of the existing structure; the shops open upon the interior corridor which, in turn, opens onto a screened 58 car parking area.

The entire complex could focus on food and home related products with a unique specialty restaurant in the existing structure, and a bakery, a fish market, a meat market, a green grocer, a home hardware, a boutique, a floral shop, and other related products in the new retailing unit.

The rent of \$4.00 per square foot for the rehabilitated existing structure (higher than in Scenario #4) is feasible only if the retail shops have a high occupancy rate; the success of each enterprise is linked with the success of the others.

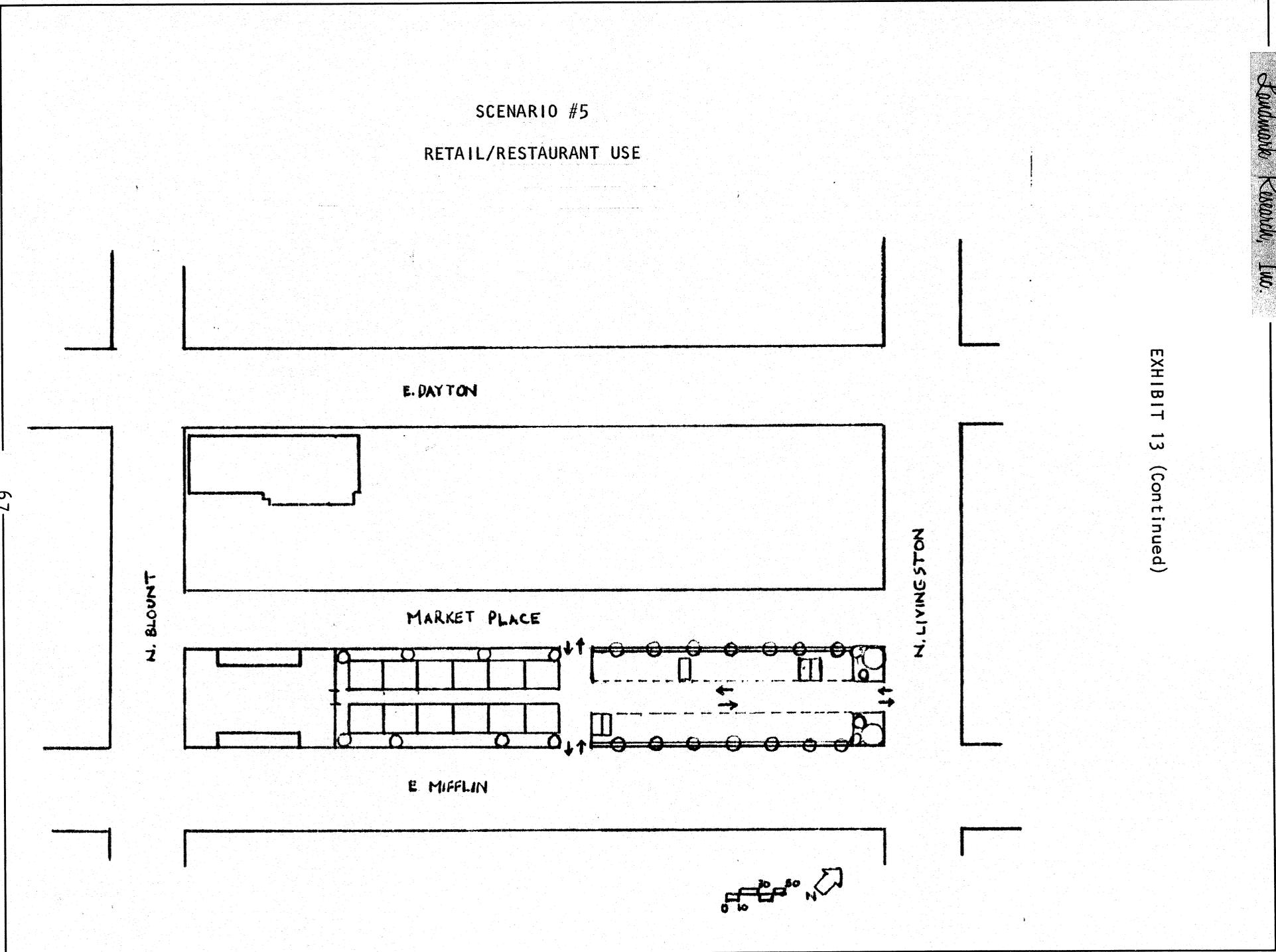
C. Economic Ranking of Alternatives

The probable alternative uses for the subject property can first be ranked in terms of the general budget parameters inherent in the revenue and expenses for each. The alternatives that offer the greatest financial return are then screened for effective demand, political acceptability, and risk. The property residual, or back-door approach, is used to convert revenues to a justified investment. The logic for the conversion of rents into a cash dividend flow and a debt service flow by the use of the lender's debt cover ratio is demonstrated in Exhibit 14. This approach is extremely sensitive to changes in revenues and expenses; it is imperative that the appraiser be consistent in the derivation of estimates

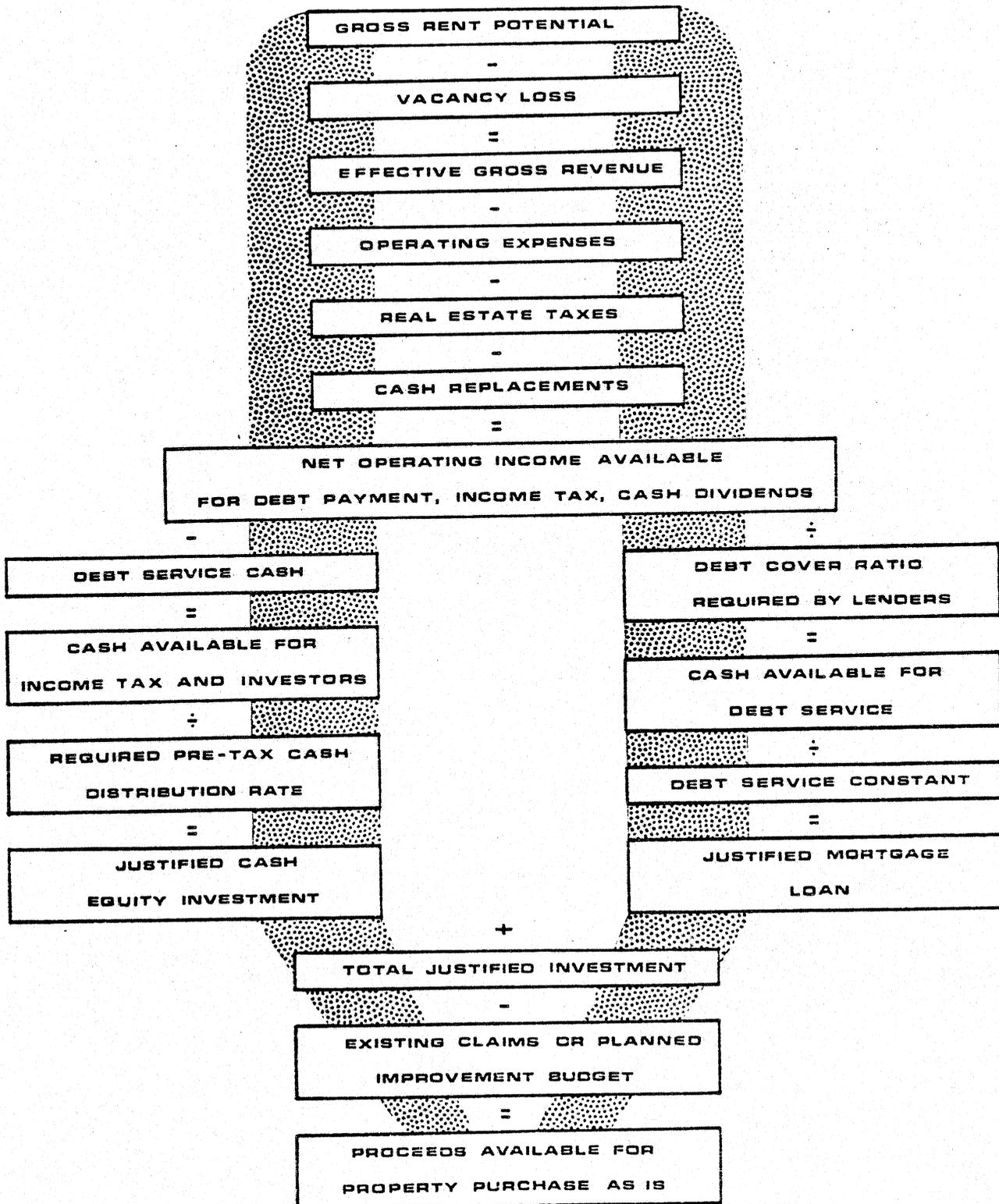
SCENARIO #5  
RETAIL/RESTAURANT USE

EXHIBIT 13 (Continued)

67



# REVENUE JUSTIFIED CAPITAL BUDGET DEBT COVER RATIO APPROACH



Source: Landmark Research, Inc.

for each alternative. A debt coverage ratio of 1.35 and an equity cash dividend of 6 percent are used for each scenario. The cost assumptions and calculations for each scenario are provided in Appendix E. A preliminary ranking based upon a cash justified investment demonstrates that Scenario #1, #4, or #5 offers the most profitable use. (See Exhibit 15.)

D. Legal/Political Compatibility of Alternatives

Any of the three alternatives of Scenario #1, #4 and #5 by the economic ranking would be acceptable under the permitted or conditional uses of the C3 zoning. However, the political aspects associated with the alternatives will have a significant impact on the selection of the final use.

When the East Washington area was being considered as a potential Madison Area Technical College site, a label of urban blight was given to this part of Madison. City planners are now drafting plans for the area's redevelopment and are giving serious consideration to residential uses.

The Tenney-Lapham Neighborhood Association has shown great concern for improving the residential environment in the area. The newly formed Old Market Place Neighborhood Association is an offshoot of the Fourth District Neighborhood Association and encompasses the area from Webster Street to Paterson and East Washington to Lake Mendota. The association wants to be instrumental in upgrading the quality of life in the area.

SUMMARY OF BUDGETS FOR ALTERNATIVE USE SCENARIOS

<u>Budget Item</u>	<u>Scenario #1</u>	<u>Scenario #2</u>	<u>Scenario #3</u>	<u>Scenario #4</u>	<u>Scenario #5</u>
1. Demolition	\$19,725	\$43,795	\$19,725	\$19,725	\$19,725
2. Rehabilitation	69,663	0	152,008	152,008	152,008
3. New Construction	<u>540,021</u>	<u>776,787</u>	<u>72,791</u>	<u>86,531</u>	<u>355,341</u>
Total Outlays	\$629,409	\$820,582	\$244,524	\$258,264	\$527,074
4. Less Rehabilitation Tax Credit	<u>(17,416)</u>	<u>0</u>	<u>(38,002)</u>	<u>(38,002)</u>	<u>(38,002)</u>
Total Net Outlays	\$611,993	\$820,582	\$206,522	\$220,262	\$489,072
5. Justified Project Budget	648,601	774,921	201,048	251,325	575,118
6. Total Justified Investment in Subject Property (as is)	\$36,608	(\$45,661)	(\$5,474)	\$31,063	\$86,046

Source: Landmark Research, Inc.

EXHIBIT 15

Safety, affordable housing, and adequate shopping facilities are among their goals. Both neighborhood representatives stressed the need for grocery, hardware, specialty gift, ice cream parlor/candy store, and restaurants in the immediate area.

Thus, Scenario #1 falls out as not politically acceptable for local residents; only adjacent commercial property owners and users would not oppose the warehouse/office use.

Scenario #4 and Scenario #5 have a high degree of political acceptability within the neighborhood and would have the support of the City if it appears that the project will remain economically viable in the future.

#### E. Risk Ranking of the Alternatives

The two remaining scenarios involve the same rehabilitation specifications for the existing structure and therefore involve the same construction risks for this phase of the project including the potential time delays involved in the process of meeting code requirements, a higher risk factor in rehabilitation.

The greater overall construction cost risk lies with Scenario #5 due to the amount of new construction which must meet the Secretary of Interior's Standards for Rehabilitation of Historic buildings. These standards concern not only the

historic structure but any new and adjacent construction. (See Appendix B.)

In Scenario #4, the nostalgic but functional covered walkway also must meet the Secretary of Interior's Standards, but by its design and lower proportionate cost it involves far less risk.

The major difference between the two scenarios rests in the comparison of a single use on a site with multiple uses which have a synergistic effect upon one another.

The existing structure of 8,050 square feet is considered large for a typical neighborhood retailing operation and yet too small for a chain supermarket, which requires 30,000 or more square feet plus adequate parking. The restaurant use is most fitting, given the building's dimensions and style. A restaurant use also can best utilize the skylights and open trusses as part of the general decor.

A grocery use is questionable; the developer of the Capitol Center project in downtown Madison has been unable to locate a lessee for the planned grocery store in that complex; the store contains only 15,000 SF and there is no parking near the store. Midway Market, a part of the Triangle Development, is almost the same size as the subject, has adequate parking, and is operated by Gateway Foods out of LaCrosse, Wisconsin. The base rents of \$0.68 per square foot to \$1.90 per square foot,

negotiated with the Madison Housing Authority, in the first four years of operation appear to represent a subsidy to the lessee. Market rents in the Madison area for a grocery operation are from \$3.00 to \$5.00 per square foot. According to Dollars and Cents of Shopping Centers: 1981, the average rent for a local supermarket in a neighborhood center is \$3.05 per square foot.

Should a single use encounter financial difficulty, the only source of revenue for the project disappears. However, with Scenario #5, the smaller retail units plus the existing structure allow an owner to spread the risk of potential vacancy loss. Multiple retailing uses will draw a larger consumer population to the site and, in turn, benefit each business.

#### F. Conclusions

Scenario #5 requires a greater initial capital outlay in return for the greater potential consumer draw but allows a greater spread of the risk due to vacancy. Scenario #4, with a lower capital outlay, also entails less risk in obtaining the certification of rehabilitation cost based upon the nature of the new construction on the site. Both scenarios pay back equity at approximately the same rate.

The \$55,000 difference in justified investment value in favor of Scenario #5 and the serving of the neighborhoods'

needs for a variety of retail shops become the determining factors. A small retail service center is still a marginal venture unless the residential character of the neighborhood were enhanced by City action relative to rezoning and rehabilitation of Blocks 135 and the North one-half of Block 134. However, appraisal instructions were to consider only the status quo.

A review of the summary feasibility data in Exhibit 16 supports the conclusion that the most probable use of the subject property, in the opinion of the appraisers, given the constraints imposed by C3 zoning, is Scenario #5.

THE MOST PROBABLE USE OF THE SUBJECT PROPERTY WOULD BE THE REHABILITATION OF THE EXISTING BUILDING TO CREATE A RETAIL/RESTAURANT SHELL AND THE CONSTRUCTION OF TWELVE SMALL RETAIL SHOPS WHICH ARE LINKED BY A COVERED WALKWAY TO THE EXISTING STRUCTURE.

G. Scenario #6 - Relative Plottage Value of Whole and Parts of Block 134

Although the appraisers were instructed to look only at the subject property as defined under current zoning and although the concept of fair market value requires the assumption of several buyers bidding for the property, the opportunity for plottage value (an increment in value attributable to the

FEASIBILITY OF ALTERNATIVE USES

Feasibility Factor	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Justified investment value (including tax credit)	\$36,608	(\$45,661)	(\$5,474)	\$31,063	\$86,046
Rehabilitation Costs	Minimum	Minimum	Average	Average	Average
New Construction Costs	High	Highest	Minimum	Minimum	Average
Site Improvement Costs	Minimum	Minimum	Average	Average	Minimum
Effective Market Demand	Warehouse/office soft	Warehouse/office soft	Indoor-outdoor Market Pace untested	Retail - Restaurant Grocery Hardware mixed	Retail - Small shops mixed
Political Acceptability	Neutral	Negative	Positive	Strongly Positive	Strongly Positive
Construction Budget Risk	Minimum renovation of existing structures and new construction Moderate risk	New construction only High risk that Landmark Commission will deny demolition permit	Major renovation High risk	Major renovation High risk	Major renovation and new construction High risk
Level of Risk of Economic Viability of Use	Moderate	Moderate to High	High	Moderate to High	Moderate

Source: Landmark Research, Inc.

EXHIBIT 16

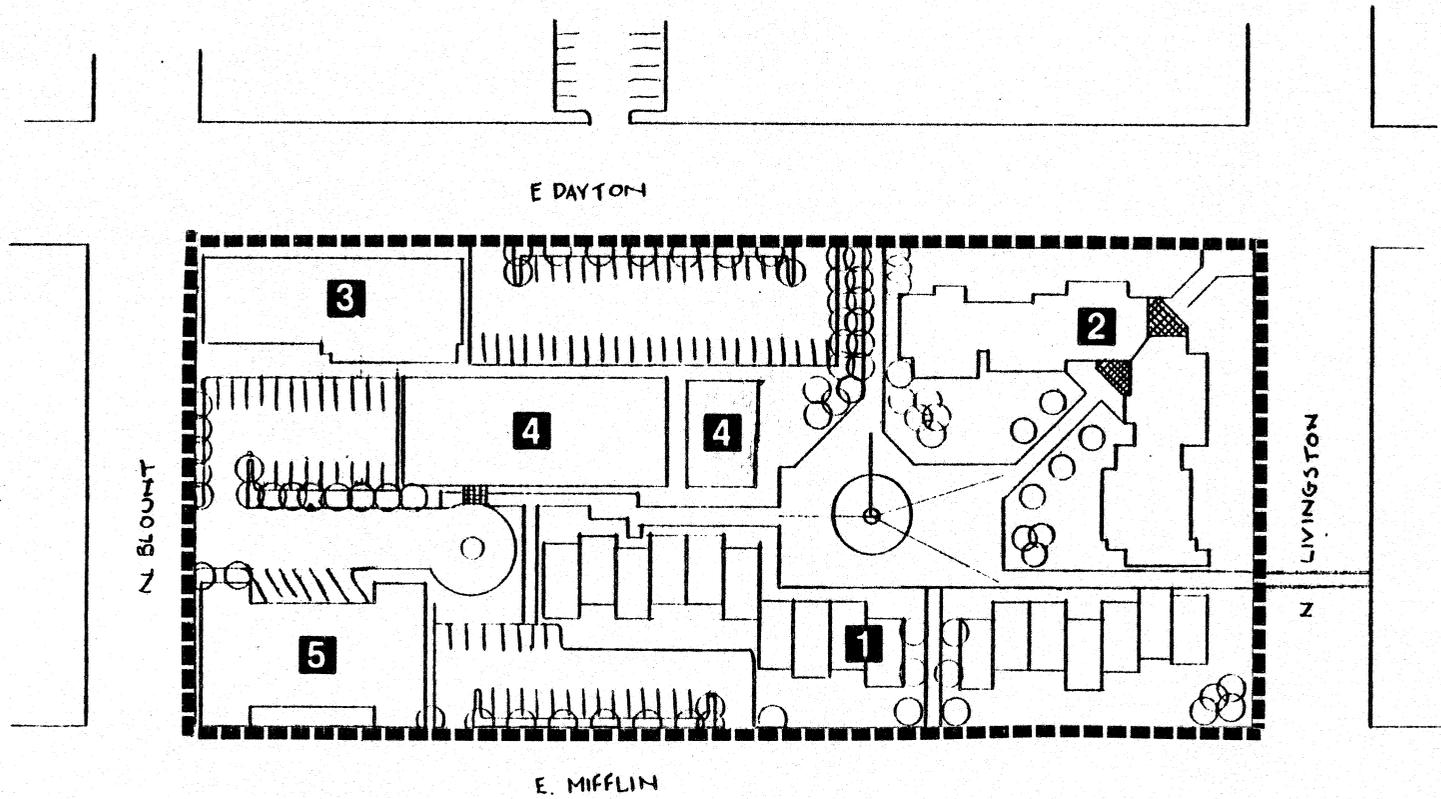
combination of smaller parcels into a more efficiently sized parcel) must not be overlooked.

The dominant property owner in the North one-half of Block 134, the Reynolds Transfer and Storage Company, Inc., could benefit from the assemblage of their present ownership with the subject parcel particularly if Market Place were vacated at a point beyond existing row houses and the subject at the Blount Street end of Market Place.

Sound city planning and neighborhood preference would suggest the down zoning to R5 of all of Block 134 and the remaining C3 portion of Block 135. The entire area northwest of East Mifflin would then be R5. (See Exhibit 3 for the zoning map.) To that end, plans from an earlier city proposal for the City Market Place, provided by City of Madison representatives, were combined with the appraisers' perception of residential uses that met zoning ordinances, including setback, open space, and parking requirements to develop a series of plans for residential use utilizing a parcel of decreasing size. Exhibit 17 contains a sketch of the entire Block 134 as if in residential use and is referred to as Plan A. Some existing buildings, including the subject, are rehabilitated and some new residential units are constructed. In the same Exhibit 17, the area under consideration for Plans B through G are delineated in a series of parcel maps of Block 134. The

SCENARIO #6

PLAN A



UNIT MIX

- |   |  |
|---|--|
| <p><b>1</b> 17 townhouses<br/>2 bedroom (new)</p> <p><b>2</b> 44 apartments<br/>1 bedroom (new)</p> <p><b>3</b> 40 apartments<br/>1 &amp; 2 bedroom mix<br/>(rehabilitated)</p> | <p><b>4</b> 22 apartments<br/>1 &amp; 2 bedroom mix<br/>(rehabilitated)</p> <p><b>5</b> { 4 townhouses<br/>2 bedroom, no garage<br/>(rehabilitated)<br/>8 apartments<br/>1 bedroom (rehabilitated)</p> |
|---|--|

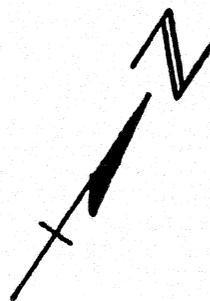
118 parking spaces

Source: Landmark Research, Inc.

Landmark Research, Inc.

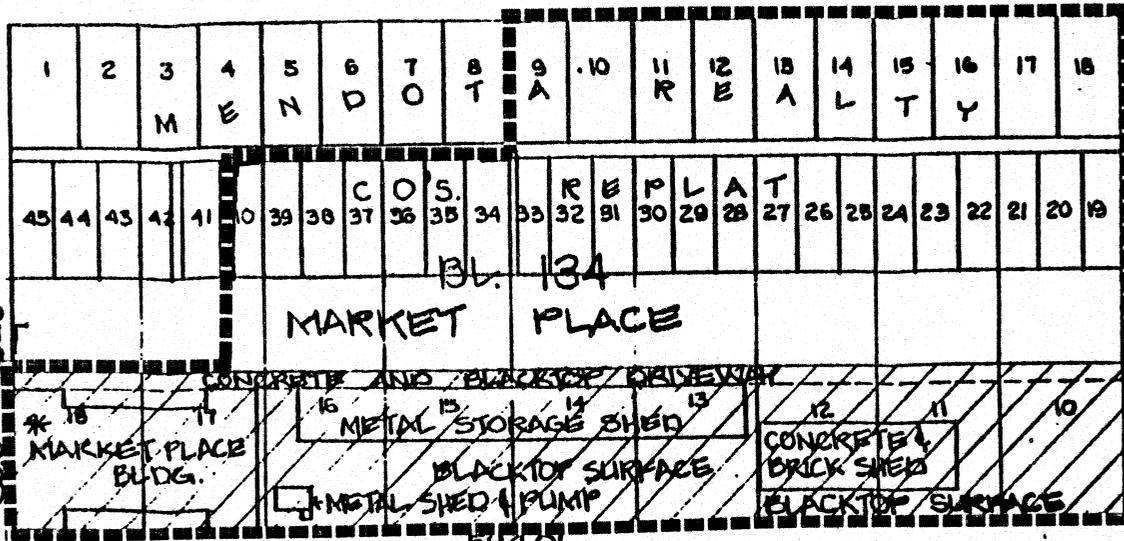
EXHIBIT 17

PLAN B



E. DAYTON STREET

N. BLOUNT STREET



N. LIVINGSTON STREET

E. MIFFLIN STREET

78

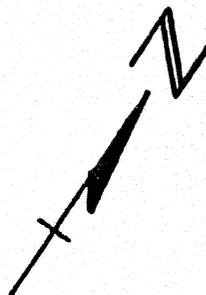
\* RECLAIMED LANDMARK

SCALE: 1" = 100'  
SEP. 7, 1978

EXHIBIT 17 (Continued)

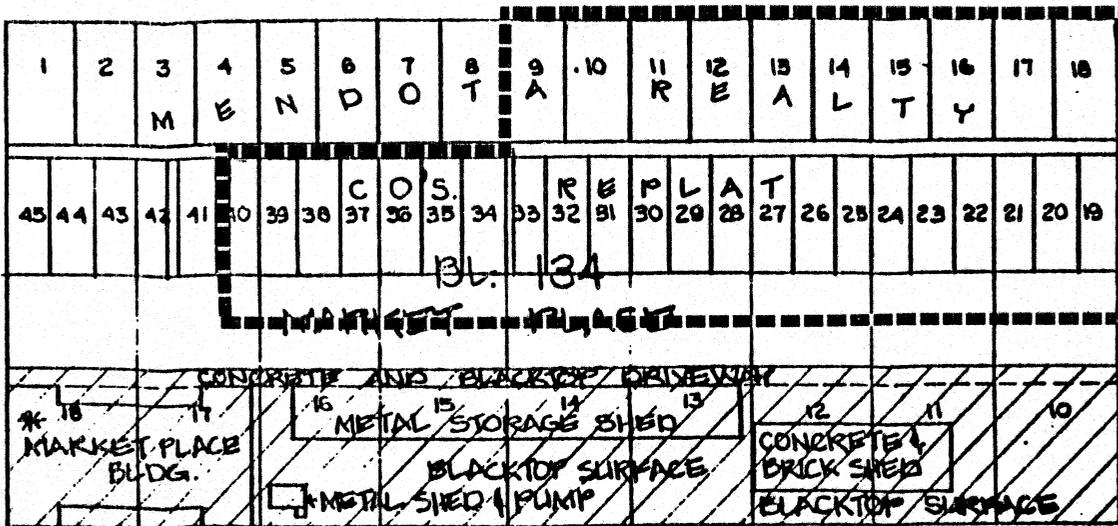
Sandwich Research, Inc.

PLAN C



E. DAYTON STREET

N. BLOUNT STREET



N. LIVINGSTON STREET

E. MIFFLIN STREET

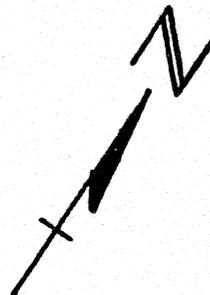
\* RECLAIMED LANDMARK

SCALE: 1" = 100'  
SEP. 7, 1978

EXHIBIT 17 (Continued)

Southwest Research, Inc.

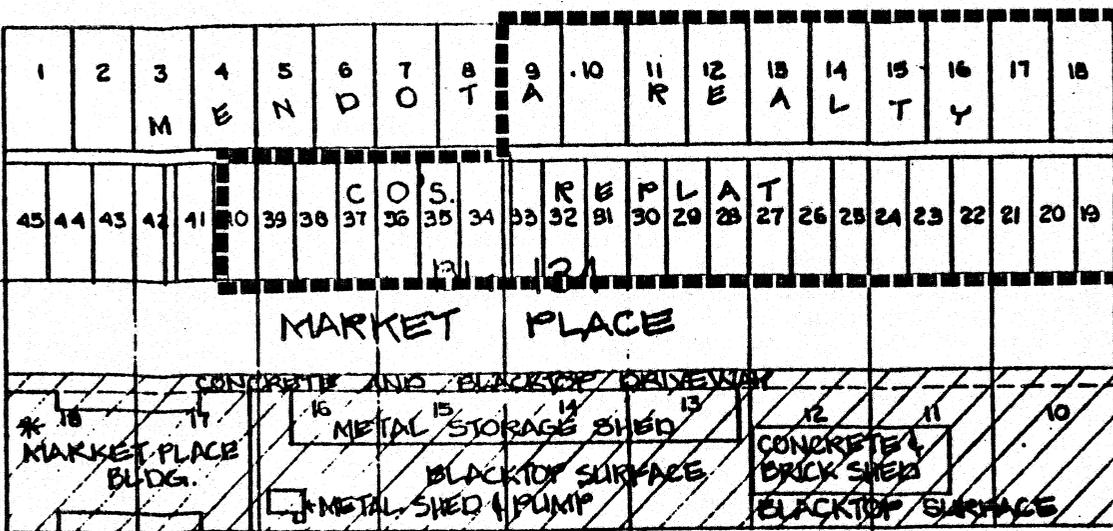
PLAN D



E. DAYTON STREET

N. BLOUNT STREET

N. LIVINGSTON STREET



E. MIFFLIN STREET

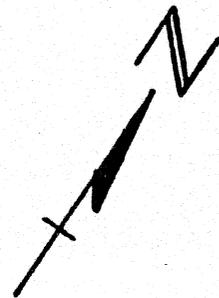
80

EXHIBIT 17 (Continued)

SCALE: 1" = 100'  
SEP. 7, 1978

\* RECLAIMED LANDMARK

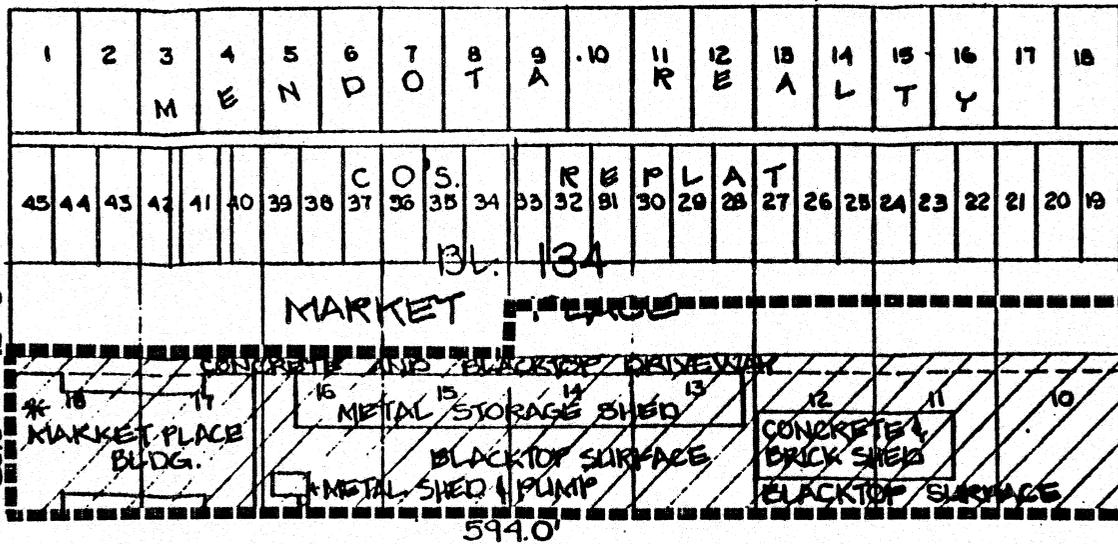
PLAN E



E. DAYTON STREET

N. BLOUNT STREET

N. LIVINGSTON STREET

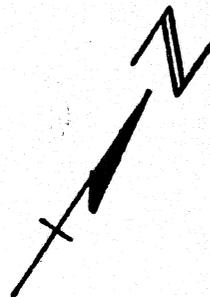


E. MIFFLIN STREET

\* RECLAIMED LANDMARK

SCALE: 1" = 100'  
SEP. 7, 1978

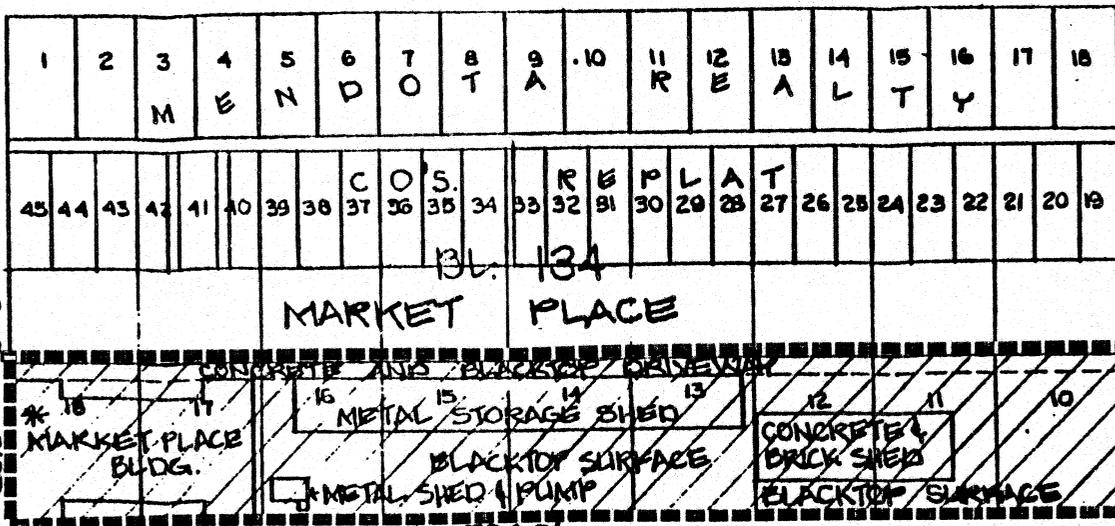
PLAN F & G



E. DAYTON STREET

N. BLOUNT STREET

N. LIVINGSTON STREET



E. MIFFLIN STREET

Sandwich Research, Inc.

\* RECLAIMED LANDMARK

SCALE: 1" = 100'  
SEP. 7, 1978

calculation of the allowable unit mix and the resulting land value for each plan in Scenario #6, given the lot size and dimensions, is found in Appendix F. A summary of the resulting desirability of the living environment with each changing assemblage is found in Exhibit 18.

The assumed pad values for each type of residential unit are estimates of value reflecting builder perceptions in Madison. The acceptable purchase price derived in each plan on a per square foot of land basis clearly establishes that strictly residential use of the subject parcel, even when combined with a portion of vacated Market Place, is of less value than the most probable commercial use selected (Scenario #5).

However, at some point of the assemblage, say two-thirds to four-fifths of Block 134, a significant plottage increment begins to appear to the benefit of the Reynolds interest. This curve of increasing value (shown in Exhibit 19) should be kept in mind in any negotiations with Reynolds as a distinct factor that was omitted in the appraisal conclusion which followed the client's instructions.

SUMMARY OF THE RELATIVE PLOTTAGE  
VALUE OF THE WHOLE OR PARTS OF BLOCK 134

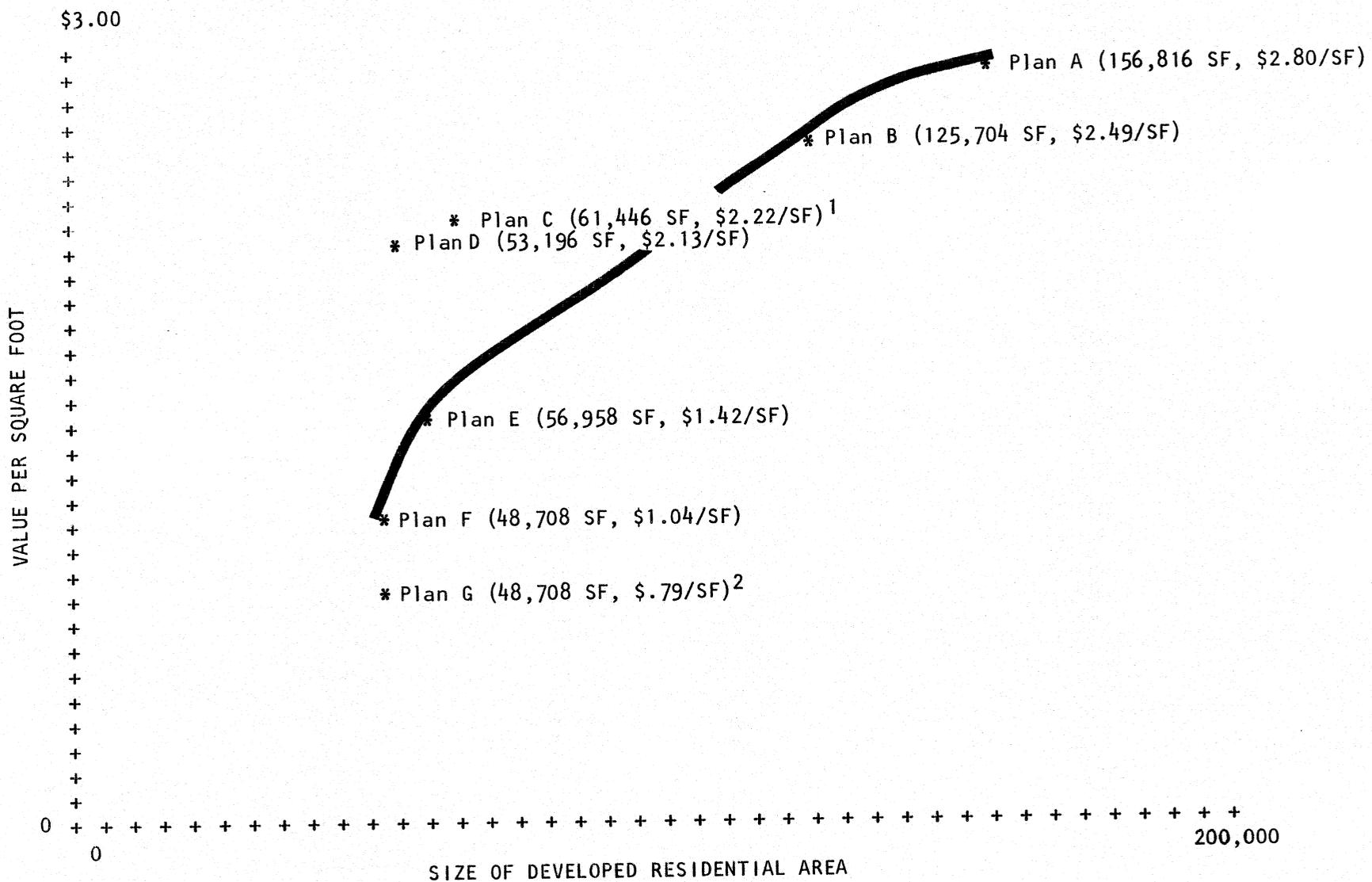
<u>Plan</u>	<u>Degree of Assemblage</u>	<u>Size of Area Developed (Square Feet)</u>	<u>Value of Residential Pads</u>	<u>Price Per Square Foot</u>	<u>Land Value as Percentage of Whole Block Value</u>	<u>Relative Value of Subject</u>	<u>Number of Units</u>	<u>Average Price/Unit</u>
A.	Whole Block Market Place vacated	156,816	\$438,500	\$2.80	-	\$136,382	135	\$3,248
B.	Part of N 1/2 Blk 134 & All of S 1/2 BLK 134 Part of Market Place vacated	125,704	313,000	2.49	89%	121,283	101	3,099
C.	Part of N 1/2 Blk 134 (Reynolds & Donagan property) Part of Market Place vacated	61,446	136,500	2.22	79%	N/A	60	2,275
D.	Part of N 1/2 Blk 134 (Reynolds & Donagan property) Market Place remains	53,196	113,500	2.13	76%	N/A	54	2,102
E.	All of S 1/2 Blk 134 (City of Madison property) Part of Market Place vacated	56,958	81,000	1.42	51%	69,165	26	3,115
F.	All of S 1/2 Blk 134 (City of Madison property) Market Place remains	48,708	50,500	1.04	37%	50,500	22	2,295
G.	All of S 1/2 Blk 134 (City of Madison property) Market Place remains	48,708	38,500 Landmark bldg. demolished 4 townhouses built on Land- mark site	.79	28%	38,500	14	2,750

Source: Landmark Research, Inc.

Landmark Research, Inc.

EXHIBIT 18

RELATIVE PLOTTAGE VALUE OF  
WHOLE AND PART OF BLOCK 134  
ASSUMING RESIDENTIAL USE



85

EXHIBIT 19

<sup>1</sup>Plans C and D include only Reynolds and Donagan property

<sup>2</sup>Plan G assumes demolition of main structure

#### IV. PREDICTION OF PRICE FROM MARKET SALES

Market transactions offer the appraiser the most reliable predictor in determining the most probable buyer. A determination of the most probable buyer will lead to insights as to the most probable price of another property of the same type in the same area. By applying the market comparison approach, an estimate of value for the subject property can be derived and tested.

##### A. Most Probable Buyer

An analysis of comparable properties which have been vacant for a number of years and are candidates for adaptive reuse reveal that the purchasers are usually local businessmen who want the property for their own use; or a local developer-packager who is attracted by the unique tax advantage of rehabilitating an older building, especially one on the National Register, and by the willingness of the City to provide a subsidy in the form of a land write-down, an economic development loan or tax increment financing (TIF); or a speculator who purchases a bargain and seeks a buyer as described above.

Few buyers would choose a site of such awkward proportions for their own usage. The maximum usefulness to be gained by assemblage would be contingent upon vacating Market Place and

upon securing the cooperation of certain isolated parcel owners. The developer-packager capable of shifting the risk back on the city and/or forward on limited partners is, in our judgement, the most probable buyer.

THEREFORE, THE MOST PROBABLE BUYER WILL BE A LOCAL PROFESSIONAL DEVELOPER-PACKAGER WHO EXPECTS TO REMODEL AND REDIRECT MARKETING OF THE SUBJECT PROPERTY. HE WILL BE ATTRACTED BY THE UNIQUE TAX ADVANTAGES OF REHABILITATING A HISTORIC LANDMARK AND THE WILLINGNESS OF THE CITY TO PROVIDE A SUBSIDY IN THE FORM OF A LAND WRITE-DOWN AND/OR FINANCING ASSISTANCE.

B. Most Probable Price

In recent years there have been several sales of older improved and vacant properties requiring substantial rehabilitation for reuse; these sales will be used as benchmarks to estimate the most probable price and range for the subject property. Although all the properties were purchased for adaptive reuse, there are significant differences among them. To account for these differences, a weighting system is used. This system takes into account those characteristics which are price-sensitive such as utility of the structural shell, configuration of the lot, zoning, quality of the neighborhood, linkages, and public recognition of the property. The differences among the comparables can then be

reduced to a common denominator by deriving a weighted point score for each property. Since buyers of adaptive reuse properties appear to use land value as the basic measure of value, each selling price is reduced to a price per square foot of land. The price per square foot of land is then divided by the weighted point score to find the price per point score. The average price per point score is used to determine the central tendency of the sales price for the subject property. The standard deviation of the price per point is calculated to determine the range of possible prices.

C. Market Comparison Approach to Probable Price

The first step in the market comparison approach is the selection of the comparable sales. Criteria used to select comparables include age, amount of rehabilitation required, structural similarities and proximity to central Madison. Recent sales of several properties were not used because the extent of rehabilitation was not extensive, and/or the change in use was not material. Included in this group were Shulla-Leute Woodcrafts at 2110 Atwood Avenue, Yahara Foods at 2049 Atwood Avenue, and Creative Energy Products at 1053 Williamson Street.

The old fire station at 301 N. Broom Street, purchased for conversion to office space and the Madison Motors building at 328 W. Johnson purchased for conversion to restaurant use were

not used as comparables because the allocation of the total sale price for the two parcels which was in one ownership was engineered by the seller. More land was initially allocated to the fire station than was actually transferred; two of the five buyers of the fire station also purchased the Madison Motors building and apparently an agreement was reached whereby some of the vacant land fronting on Broom was included in the Madison Motors sale but the buyers of the fire station have the right of use. The original price assigned the fire station when unrelated buyers were contemplated remained the recorded selling price.

The brick warehouse, known as the Basset Warehouse, at the corner of North Bedford and West Washington was sold by the City of Madison (in trust for Madison Metropolitan School District) to the City of Madison which in turn sold the property to Madison Development Corporation to be developed as a subsidized housing project. The sale is not an arms length market transaction and can not be used as a comparable.

The warehouse at 301 South Bedford had already been renovated at the time of sale on May 4, 1981 and therefore does not meet the criteria for a comparable sale.

The properties which were selected as comparable sales are described and pictured in Exhibits 20 through 25. The locations of the comparable sales are shown in Exhibit 26. Conditions at

time of sale and adjustments for cash equivalency are as follows:

1) The University Motor Company at 2205 University Avenue has been vacant for many years; there were two known buyers of the property who did nothing with it before the present owner-developer purchased the property on August 1, 1980. The garage, retaining walls, and front facade are the only parts of the structure retained. The price of \$5.66 per square foot of land is representative of the land values in the area. This was a cash sale.

2) Nichols Station, a former City of Madison pump station, is located across from James Madison Park. The agreement to purchase price of \$150,000, cash, resulted from a bidding process held May 30, 1979. The bids ranged from \$160,875 to \$142,000 or a range of \$3.08/SF to \$2.72/SF based upon 52,277 square feet of land; this value is low for the area, but is assumed to represent the bidders' perceived risk in such a rehabilitation project. The successful bidder has yet to close on the transaction pending financing for the project. The property has since been placed on the National Register of Historic Places and is eligible for the 25 percent rehabilitation tax credit. The agreed upon sale price of \$150,000, in the estimation of the appraiser is representative of the value placed upon the property by

EXHIBIT 20

COMPARABLE SALE #1



2205 UNIVERSITY AVENUE

Date of Sale: 8/1/80

Sale Price: \$79,900

Recorded: Vol. 2107, p. 15

Terms of Sale: Cash

Use at Time of Sale: Vacant garage - Site of University Motor Company

Grantor: Allen Street, a joint venture (Hillmark Corp.)

Grantee: University and Allen, a Wisconsin limited partnership

Tax Parcel #: 0709-211-0801-9

Assessed Value: \$85,000 total--land \$56,500, improvements \$28,500 (1980)

Sale Price as % of Assessed Value: 94%

Lot Size: 14,115 sq. ft.

Frontage: 135 feet

Zoning: PUD (SIP)

Gross Building Area: Original building was 28,000 sq. ft.

First Floor Gross Square Footage: Original building was 14,000 sq. ft. A fire occurred before the sale and about 1/3 was destroyed.

Building Description: Partially destroyed red brick structure--built into an upward sloping lot.

Type of Construction: Masonry

Present Use: 24 condominiums are under construction, utilizing

EXHIBIT 20 (Continued)

some of the existing building with extensive renovation and new construction.

Ratio of Gross Building Area to Lot Size: Original, pre-fire building = 2.00; at time of purchase = 1.39

Locational Factors: Located at the corner of old University Avenue and Allen Street near several large apartment complexes and across from an Octopus Car Wash. A neighborhood grocery is 1/2 block from the site. The U.W. campus is nearby.

Parking: Developer is providing on-site parking in lower level of building (using old superstructure for walls).

Condition at Time of Sale: Corner third of building destroyed by fire with debris removed and retaining wall intact.

EXHIBIT 21

COMPARABLE SALE #2



311 NORTH HANCOCK STREET (NICHOLS STATION)

Date of Sale: Acceptance 7/24/79; closing delayed due to financing difficulties  
Sale Price: \$150,000  
Recorded: Not yet closed  
Terms of Sale: \$1,000 down and additional to total 5% on acceptance with balance in cash at closing (within 7 months of acceptance).  
Use at Time of Sale: Vacant - Site of City of Madison steam plant and pump station  
Grantor: City of Madison  
Grantee: DiVall - Space Partnership Joint Venture  
Tax Parcel #: 0709-133-2201-5  
Assessed Value: Exempt (1981)  
Sale Price as % of Assessed Value: Not applicable  
Lot Size: 197.99 ft. by 264.04 ft. = 52,277.28 sq. ft. at time of agreement to purchase.  
Frontage: 198 ft. along E. Johnson St. and also E. Gorham St. and 264 ft. along N. Hancock and also N. Franklin.  
Zoning: PCD (SIP)  
Gross Building Area: 15,727 sq. ft.  
First Floor Gross Square Footage: 15,109.14 sq. ft. = 135' 9-3/4" by 111' 3"  
Building Description: Massive cream colored brick structure

EXHIBIT 21 (Continued)

with high ceilings on 1st floor and a 2nd floor above approximately one quarter of the 1st floor.

Type of Construction: Masonry

Present Use: Vacant - Planned residential and office condominium

Ratio of Gross Building Area to Lot Size: .300

Locational Factors: Located between highly traveled E. Johnson - Gorham St. and N. Hancock and N. Franklin in a residential neighborhood. James Madison Park is to the northwest of the site across Gorham. The heavy traffic on either side of the site is the main drawback.

Parking: Site has adequate space if no other buildings are added to the site; developers plan to install underground parking.

Condition at Time of Sale: Well maintained at time of sale; fair condition considering age of building

EXHIBIT 22

COMPARABLE SALE #3



202 NORTH HENRY STREET

Date of Sale: 3/31/78

Sale Price: \$185,000

Recorded: Vol. 1040, p. 336

Terms of Sale: Land Contract, 10% interest, monthly payments of \$1,785 beginning May 1, 1978, balloon payment in 3 years. Purchaser agrees to maintain a deposit with vendor, at all times, a sum sufficient to cover the next succeeding 6 monthly payments of principal and interest.

Use at Time of Sale: Storage space for bank records and supplies

Grantor: United Banks of Wisconsin, Inc.

Grantee: Roger K. Gaumnitz and James W. Lyman

Tax Parcel #: Presently has 3 numbers: 0709-231-0601-1, 0709-231-0612-8, and 0709-231-0613-6 (was 0709-231-0601-1 at time of sale)

Assessed Value: \$190,000 total--land \$143,700, improvements \$46,300 (1978)

Sale Price as % of Assessed Value: 97%

Lot Size: 13,068 sq. ft.

Frontage: 198 feet frontage on N. Henry; 66 feet on Dayton

Zoning: C-4

Gross Building Area: Approximately 25,000 sq. ft. plus partial basement per Vendor

EXHIBIT 22 (Continued)

First Floor Gross Square Footage: 12,648 sq. ft.

Building Description: Red brick two story structure; was Montgomery Ward warehouse prior to ownership by United Bank

Type of Construction: Masonry

Present Use: Building has been renovated; section on corner of Henry and Dayton is a restaurant and there are several small retail shops which front on Henry.

Ratio of Gross Building Area to Lot Size: 1.91

Locational Factors: Directly across from Civic Center and from future site of Federal Courthouse; near new Capitol Centre project and approximately 1-1/2 blocks from the Square.

Parking: Dayton Street ramp approximately 1-1/2 blocks from site; some parking to be available at Capitol Centre.

Condition at Time of Sale: In need of modernization and conversion to new uses; building had serious repair problems and the heating system may have been inoperative at the time of sale per Vendor.

EXHIBIT 23

COMPARABLE SALE #4



614 WEST WASHINGTON AVENUE

Date of Sale: 6/30/77

Sale Price: \$274,500

Recorded: Vol. 826, p. 289

Terms of Sale: Cash

Use at Time of Sale: Probably storage for railroad use.

Grantor: Illinois Central Gulf Railroad Company

Grantee: U-Haul of Western Wisconsin, Inc.

Tax Parcel #: 0709-232-2910-2

Assessed Value: \$245,000 total--land \$186,600, improvements  
\$58,400 (1977)

Sale Price as % of Assessed Value: 112%

Lot Size: 198 ft. by 330 ft. = 65,340 sq. ft.

Frontage: 198 feet on W. Washington, 330 feet on N. Bedford

Zoning: M-1

Gross Building Area: 4,960 sq. ft.

First Floor Gross Square Footage: 32 ft. by 155 ft. = 4,960  
sq. ft. plus basement

Building Description: Long, narrow railroad depot station last  
used for storage by grantor.

Type of Construction: Masonry construction - face brick  
exterior and sandstone foundation.

Present Use: Mini-storage warehouse and office space. A  
mezzanine was constructed by grantee to create additional

EXHIBIT 23 (Continued)

storage space in high ceiling area. New 2 story building added to site by grantee.

Ratio of Gross Building Area to Lot Size: At time of sale = .0759

Locational Factors: Located on northwest corner of W. Washington and N. Bedford. Difficult to access from southeast side of W. Washington. Wide range of mixed land uses in immediate neighborhood.

Parking: Site is used to park rental U-Haul vehicles and provide approximately 10 parking spaces for customers.

Condition at Time of Sale: Building in need of cleaning, tuck pointing, window replacement, removal of coolers, installation of furnace and some plumbing and repair of foundation.

EXHIBIT 24

COMPARABLE SALE #5



23 NORTH PINCKNEY

Date of Sale: 4/21/77

Sale Price: \$150,000

Recorded: Vol. 796, p. 528

Terms of Sale: \$100,000 down, seller took a 2nd of \$50,000 at 8% interest for 5 years.

Use at Time of Sale: Vacant; had been a women's apparel store

Grantor: Raymond T. McGuire

Grantee: Rifken and Campbell Associates, a Wisconsin Partnership

Tax Parcel #: 0709-133-3006-8

Assessed Value: \$285,000 total--land \$214,000, improvements \$71,000 (1976) and \$150,000 total--land \$148,500, improvements \$1,500 (1977)

Sale Price as % of Assessed Value: 52% (1976, 100% (1977)

Lot Size: 8,712 sq. ft. (66 feet by 120 feet) plus 12 foot easement for alley

Frontage: 66 ft.

Zoning: C-4

Gross Building Area: 16,060 sq. ft. excluding basement

First Floor Gross Square Footage: 6,886 sq. ft.

Building Description: At time of sale a sunscreen covered the decorative stone front of the two buildings which comprise the property. One consists of two floors and the other of

EXHIBIT 24 (Continued)

three floors above grade.

Type of Construction: Masonry; a combination of sandstone, common brick and concrete block

Present Use: Retail and office space

Ratio of Gross Building Area to Lot Size: At time of sale, 1.84

Locational Factors: Located near Mifflin Street, known then as the choice retailing side of the Square; commands an excellent view of the Capitol.

Parking: McCormick public ramp is approximately 1-1/2 blocks from the site.

Condition at Time of Sale: Leaking roof, sagging skylight and joists plus other accumulated deferred maintenance.

EXHIBIT 25

COMPARABLE #6



123 EAST DOTY STREET

Date of Sale: 1/75

Sale Price: \$120,000 (plus \$332,000 construction loan)

Recorded: Vol. 553, p. 25

Terms of Sale: Land Contract, \$90,000 down, \$362,000 balance, interest rate and payment amounts are same as Vendor pays to 1st Federal Savings and Loan on underlying mortgage, 10 year period, additional annual payments of \$5,000/year beginning 7-1-76.

Use at Time of Sale: Vacant; owner had started to demolish back of building.

Grantor: 122 Building Corporation

Grantee: Arabesque, a Wisconsin Limited Partnership

Tax Parcel #: 0709-242-0208-2

Assessed Value: \$67,300 total--land \$26,400, improvements \$40,900 (assessed value at 67% of market value)

Sale Price as % of Assessed Value: 119%

Lot Size: 8,712 sq. ft.

Frontage: 66 ft.

Zoning: C-4

Gross Building Area: At time of sale approximately 9,330 sq. ft. plus 3,720 sq. ft. of basement, part of which is used for rathskeller

First Floor Gross Square Footage: 3,720 sq. ft.

EXHIBIT 25 (Continued)

Building Description: The Fess is a union of a two and a three story building; the two story building is architecturally more appealing with arched windows and decorative cornice.

Type of Construction: Masonry - new addition is cement block and stucco.

Present Use: The Fess Hotel Restaurant with finished office space on 2nd floor and unfinished office space on 3rd floor.

Ratio of Gross Building Area to Lot Size: At time of sale, approximately 1.00

Locational Factors: Located 1 block off the Square near the intersection of King and Doty. At time of sale a small public open space was on the north side of King St; currently GEF II and III occupy that site.

Parking: Doty Street ramp abutts the Fess; office tenants have protected access from ramp to building.

Condition at Time of Sale: Rear part of building on north of the garden had been demolished and the rest of the building was slated for the same fate.

# Comparable Sales

**Subject**

## MADISON

## LAKE MONONA

Zip Code 53702  
(State Capitol Bldg.)  
Zip Code 53709  
(City, County Bldg.)

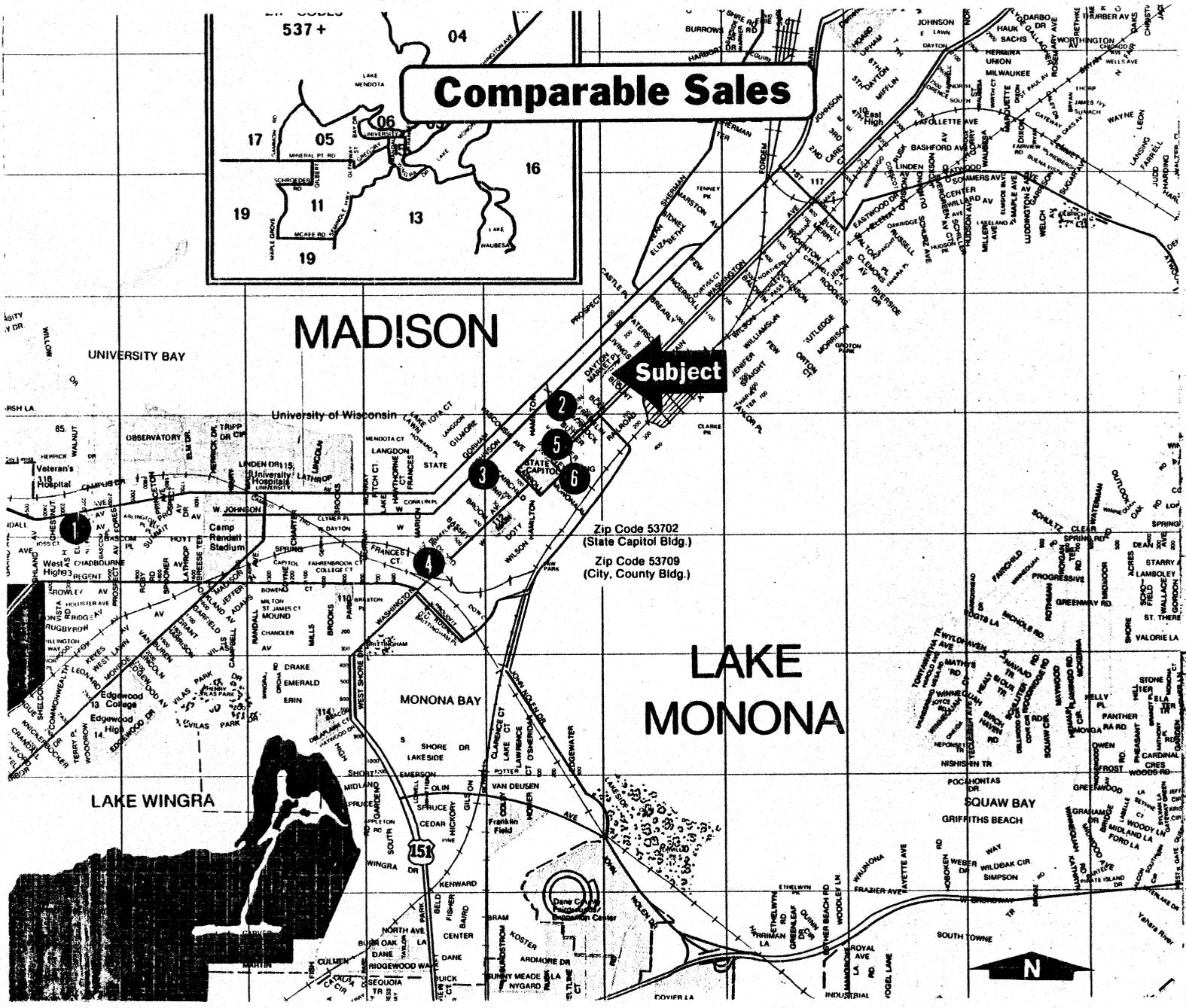
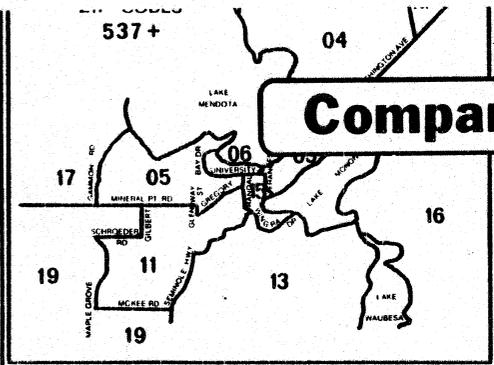


EXHIBIT 26

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three other independent development teams and is used as a comparable sale. Because the structure needs extensive renovation for conversion to residential and office use, the old existing pump within the structure must be retained, and the present fenestration detracts from the potential lake view, the utility of the shell is given a low rating.

3) The old Montgomery Ward building at 202 N. Henry Street was purchased for resale as condominiums. The property has since been converted to restaurant and retail uses at the first level.

No adjustment is made in the sale price because the land contract interest rate of 10 percent was market at the time of sale.

4) The purchase of the Illinois-Central station at 614 West Washington by U-Haul was a cash sale and a new two-story office building was added to the site after purchase.

The old railroad storage building was rehabilitated and converted into a miniwarehouse and an office. Major rehabilitation included new plumbing, HVAC, flooring in the office, construction of a mezzanine for additional storage space and extensive cleanup of the exterior.

5) The sale price of \$150,000 for 25 North Pinckney represents seller financing with the \$50,000 second mortgage subordinated to a redevelopment first of \$412,500 for renovation. The subordination places a substantial risk on the second and therefore it is discounted 20 percent. The adjusted cash equivalent price is \$140,000.

6) The sale price of the Fess Hotel at 123 Doty Street included the securing of the construction financing by the seller. A five percent finder's fee for the \$332,000 construction loan (\$16,600) is subtracted from the \$120,000 sale price; the cash equivalent price is \$103,400.

The comparable properties and the subject property are scored based upon the scale detailed in Exhibit 27. The subject property is heavily discounted because of the long narrow lot which resulted from the construction of Market Place. The subject is also judged to have the fewest linkages to employment/entertainment centers and is not readily visible from more highly traveled areas.

Though the availability of parking is a price-sensitive variable, it was not used in the scoring process because all the properties either have adequate on-site parking or are located in a C4 district which does not require on-site

EXHIBIT 27

SCALE FOR SCORING COMPARABLE SALE PROPERTY ATTRIBUTES  
PURCHASED FOR ADAPTIVE REUSE

PHYSICAL

Utility of  
Structural Shell  
20%

- 7 = Distinctive building form and/or nostalgia; existing superstructure enhances feasibility of adaptive reuse and floor area ratio  $\geq 1.00$
- 5 = Existing superstructure enhances feasibility of adaptive reuse and floor area ratio  $> .50$
- 3 = Existing superstructure enhances feasibility of adaptive reuse and floor area ratio  $< .50$
- 1 = Existing superstructure has drawbacks for most probable adaptive reuse, but has redeeming features
- 0 = Existing structure has no redeeming features

Lot Configuration  
for Building  
Improvements  
10%

- 7 = Depth of 132 feet or more and a corner lot
- 5 = Depth of 132 feet or more
- 3 = Depth of 100 feet or more
- 1 = Depth less than 100 feet but existing structure utilizes at least 50% of lot
- 0 = Depth less than 100 feet and existing structure utilizes less than 50% of lot

ZONING AND  
NEIGHBORHOOD

Allowable Density  
of Land Use  
40%

- 7 = C4 zoning and less than 2 blocks from Square
- 5 = C4 zoning and more than 2 blocks from Square
- 3 = PUD or PCD in residential area which allows for flexibility
- 1 = Zoning has specific height, floor area and lot area restrictions and on-site parking requirements

EXHIBIT 27 (Continued)

Living and  
Recreational  
Quality of  
Contiguous  
Environs  
10%

- 7 = Textured planned landscape environment already in place or funded to be put in place
- 5 = Unplanned, but relative homogeneity of non-industrial uses
- 3 = Boundary location with compatible uses to one side and incompatible to the other side
- 1 = Obsolete industrial environment not associated with living or recreational ambience

LINKAGES

Visibility and  
Proximity to  
Employment/  
Entertainment  
Density Centers  
as Generators of  
Ancillary Demand  
10%

- 7 = Highly visible and located within density centers
- 5 = Good visibility and close to density centers
- 3 = Low visibility but close to density centers
- 1 = Good visibility but not close to density centers
- 0 = Poor visibility and not near density centers

IMAGE

Public Recognition  
of Building and/or  
Location  
10%

- 7 = Highly treasured, high silhouette structure, only Capitol qualifies
- 5 = High degree of recognition of property and its adjacent landmarks
- 3 = Moderate degree of recognition of property and/or location
- 1 = Low degree of recognition but designated as a landmark
- 0 = Low degree of recognition and no historical significance

parking, but has public parking lots no more than 1 1/2 blocks from the site.

The volume of traffic passing the site was also considered, but each property had a similar volume either fronting the property and or no more than one block away. The availability of bus transportation was also considered similar for all the properties.

The weighted matrix which details the ranking of the comparable properties and the subject and the calculation of the price per point score are found in Exhibits 28 and 29. The central tendency of the range indicates a market comparison price estimate for the subject property of \$107,000 or \$2.20 per square foot.

The range of estimates yields a high of \$139,000 or \$2.85 per square foot of land and a low of \$75,000 or \$1.54 per square foot of land with a standard deviation of \$0.54 per square foot or \$32,000.

The market comparable approach is sensitive to the appraiser's ability to predict buyer perceptions in a constantly changing market. The limited number of comparable properties and the available information are scored in the weighted matrix to attempt to capture these perceptions. Consequently, this calculated value is only the initial step in determining the final price estimate. This initial transaction

WEIGHTED MATRIX FOR COMPARABLE PROPERTIES

FEATURE	WEIGHT	Rating/Weighted Rating						
		#1 University Motor 2205 University Ave.	#2 Nichols Station 311 N. Hancock	#3 Montgomery Ward 202 N. Henry	#4 Illinois-Central 614 W. Washington	#5 Simpson Bldg. 25 N. Pinckney	#6 Fess Hotel 123 Doty St.	Market Place SUBJECT
<b>PHYSICAL</b>								
Utility of Structural Shell	20%	1/.20	1/.20	7/1.40	3/.60	7/1.40	7/1.40	3/.60
Suitability of Lot Configuration for Building Improvements	10%	3/.30	7/.70	1/.10	7/.70	5/.50	5/.50	0/0
<b>ZONING AND NEIGHBORHOOD</b>								
Allowable Density of Land Use	40%	3/1.20	3/1.20	7/2.80	1/.40	7/2.80	7/2.80	1/.40
Living & Recreational Quality of Contiguous Environs	10%	5/.50	5/.50	7/.70	3/.30	7/.70	5/.50	1/.10
<b>LINKAGES</b>								
Visibility & Proximity to Employment/Entertainment Centers as Ancillary Demand Generators	10%	5/.50	3/.30	7/.70	3/.30	7/.70	7/.70	0/0
<b>IMAGE</b>								
Public Recognition of Building &/or Location	10%	3/.30	3/.30	5/.50	3/.30	5/.50	5/.50	1/.10
<b>TOTAL WEIGHTED SCORE</b>		3.00	3.20	6.20	2.60	6.60	6.40	1.20
<b>Selling Price</b>								
(cash equivalent)		\$79,900	\$150,000	\$185,000	\$274,500	\$140,000	\$103,400	
Lot Size		14,115 SF	52,277 SF	13,068 SF	65,340 SF	8,712 SF	8,712 SF	48,708 SF
Price Per Square Foot of Lot		\$5.66	\$2.87	\$14.16	\$4.20	\$16.07	\$11.87	
<u>Price Per SF</u> Total Weighted Score		\$1.89	\$ .90	\$2.28	\$1.62	\$2.43	\$1.85	

EXHIBIT 28

Landmark Research, Inc.

Source: Landmark Research, Inc.

EXHIBIT 29

CALCULATION OF MOST PROBABLE PRICE USING  
MEAN PRICE PER POINT EQUATION METHOD

Comparable Property	Selling Price per SF of Lot	Weighted Point Score	$\frac{\text{Price per SF}}{\text{Weighted Point Score}}$ (x)
1	\$5.66	3.00	1.89
2	2.87	3.20	.90
3	14.16	6.20	2.28
4	4.20	2.60	1.62
5	16.07	6.60	2.43
6	11.87	6.40	<u>1.85</u>
		TOTAL	10.97

Central Tendency =  $\frac{\sum x}{n} = \frac{10.97}{6} = 1.83$

Dispersion =  $\sqrt{\frac{\sum (x-\bar{x})^2}{(n-1)}} = \sqrt{\frac{1.4755}{5}} = .543$

where:

x	$\bar{x}$	$(x-\bar{x})$	$(x-\bar{x})^2$	n	n-1
1.89	- 1.83	= .06	.0036	6	5
.90	- 1.83	= -.93	.8649		
2.28	- 1.83	= .45	.2025		
1.62	- 1.83	= -.21	.0441		
2.43	- 1.83	= .60	.3600		
1.85	- 1.83	= .02	.0004		
			<u>1.4755</u>		

Value range:  $\bar{x} \pm s = 1.83 \pm .54$

Source: Landmark Research, Inc.

EXHIBIT 29 (Continued)

SF Lot Size x Weighted Point Score x (Central Tendency ± Dispersion)

48,708 x 1.2 x 1.83 ± .54

High Estimate \$139,000

Central Tendency 107,000

Low Estimate 75,000

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All value estimates are rounded

zone must be adjusted in light of certain external factors and then tested to see if the most probable selling price estimate would provide an acceptable yield from income when related to the most probable use, total cost to the most probable buyer, and typical financing.

D. External Influences on Most Probable Price

The conversion of an abandoned, deteriorated property into a viable economic enterprise carries with it a multiple of risks. The most probable price an investor will be willing to pay for the property will be dependent upon his perception of these risks. External influences on the most probable price include the degree of commitment by the City of Madison to implement a master plan to revitalize the City Market neighborhood; the probability of down zoning Block 134 and 135 from C3 to R5; the volatility of construction costs inherent in the rehabilitation of an older structure, which includes the potential higher costs required to qualify the rehabilitation expenditures for the 25 percent rehabilitation tax credit; the willingness of the City to assist the developer by providing lower-cost financing, and/or a write down on the land; the securing of leases with a successful mix of retailers; and the ability of these retailers to capture an adequate segment of the retail market in the surrounding neighborhoods.

Given the magnitude of the risks, the appraiser has taken the central tendency of \$107,000 or \$2.20 per square foot of land to be the upper range of the most probable sale price. The justified investment value of the property in its current condition of \$86,000, given the most probable use described in Scenario #5, also suggests a most probable selling price in the range between the central tendency estimate of \$107,000 and the low range of \$75,000.

A review of the recent sales of vacant sites zoned C3 that front on East Washington Avenue suggest a range of land values of \$4.01 per square foot for a 21,120 square foot site to \$5.56 per square foot for a 3,960 square foot site. (See Exhibit 30.) The subject's undesirable configuration of 82 feet by 594 feet and the poor linkages of the site, attributes which were given a zero score in the weighted matrix, are serious drawbacks for the property. A discount factor of 50 percent applied to the highly visible East Washington properties results in a \$2.00 per square foot to \$2.80 per square foot range of values for the subject.

Therefore, in the opinion of the appraisers, the most probable selling price of the subject property in its present condition is \$97,500 or \$2.00 per square foot of land.

COMPARABLE LAND SALES

C3 ZONING

	832-838 East Washington	1124 East Washington	1134-1136 East Washington	646 East Washington	608-610 East Washington
Date of Sale	12-11-80	2-1-80	7-9-81	10-24-79	10-11-79
Sale Price	\$84,700	\$42,800	\$47,500	\$22,000	\$50,200
Document	Land Contract	Land Contract	Land Contract	Land Contract	Land Contract
Recorded	Vol. 2478, p. 56	Vol. 1645, p. 24	Vol. 2942, p. 2	Vol. 1267, p. 11	Vol. 1212, p. 42
Terms of Sale	\$24,500 down, \$60,200 balance @ 13% interest payable in one year.	\$9,000 down, \$33,800 balance @ 11% interest payable in 5 years.	\$7,500 down, \$40,000 @ 12% interest, \$440.44/month beginning 8-1-81, interest to be paid in advance, payable in full on 7-8-87.	\$6,000 down, \$16,000 @ 10%, \$339.95/month due in full in 5 years.	\$25,100 down, \$25,100 @ 9% interest, \$201.90/month due in full in 5 years.
Grantor	Marilyn Donagan	Perry Foss Estate	Christenson	W.E. & E.L. Rutenberg	J.A. Krehl, J.L. Matson, and K.L. Jones
Grantee	Schappe Enterprises	B. Zach, B. Liddle, Jr., and J. Lindwall	Noel Johnson, Rbt. McKiernan, and Audrey Schubert	M.R. Hasler	R. & J. Baumel and R. & D. DuPont
Tax Parcel #	0709-132-1213-3 and 0709-132-1214-1	0709-131-0838-2	0709-131-0842-3 and 0709-131-0843-1	0709-133-0808-1	0709-133-0805-7
Assessed Value and Year	L I T 1213-3 39400 1700 41,100 1214-1 41900 1700 43,600 (1980) 81300 3400 84,700	L = 38,100 I = 1,700 T = 39,800 (1980)	L I T 0842-3 20,900 1,300 22,200 0843-1 20,900 3,300 24,200 (1981) 41,800 4,600 46,400	L = 15,800 I = 300 T = 16,100 (1979)	L = 49,100 I = 2,000 T = 51,100 (1979)
Lot Size	21,120 SF	9,900 SF	4,950 + 4,950 = 9,900 SF	3,960 SF	10,890 SF
Frontage	128'				
Zoning	C-3	C-3	C-3	C-3	C-3
Price/SF	\$4.01	\$4.32	\$4.80	\$5.56	\$4.61
Comments	Topography level, all utilities and street improvements are in.	Site improvements in, used as used car lot, access-inside lot, court in back, utilities in, topography level, good buildable lot.			

EXHIBIT 30

COMPARABLE LAND SALES  
R5 and M1 ZONING

	137-141 N. Franklin	1202 Spring Street	910 Fahrenbrook Court	608 W. Doty (210 S. Bedford)	608 W. Doty (210 S. Bedford)
Date of Sale	6-26-80	1-31-79 (L.C.) 6-5-79 (Deed)	12-7-79	3-23-79	7-25-81
Sale Price	\$56,000	\$23,000	\$11,500	\$80,000	\$120,000
Document	Land Contract	Land Contract fulfilled by Personal Representative's Deed	Warranty Deed	Quit Claim Deed	Warranty Deed
Recorded	Vol. 2191, p. 15	Vol. 1034, p. 590 (L.C.) Vol. 1072, p. 12 (Deed)	Vol. 1460, p. 4	Vol. 1047, p. 170	Vol. 3034, p. 50
Terms of Sale	15,000 down (including option money), 41,000 balance, 12% interest, payable by 6-1-81. Bal- ance due increases \$625/ month beginning 6-1-80, until L.C. is fully paid. No interest on monthly increases.	4,000 down, 19,000 balance, 9% interest, 2 installments of not less than 715 per installment beginning 7-1-79 and fully paid by 12-31-79.			
Grantor	Middleton Associates	Estate of Helen C. Wald	J.E. Capacio	Illinois Central Gulf Railroad	Eisenberg
Grantee	Peter M. Nichols & Joan C. Nichols	Thomas F. Bunbury & Patrick C. Runde	D.C. Sampson	Donald S. Eisenberg	Eisenberg, Giesen, & Ewers & Hayes
Tax Parcel #	0709-133-1419-5 and 0709-133-1420-2	0709-221-1009-7	0709-232-2013-4	0709-234-0401-9	0709-234-0401-9
Assessed Value and Year	L I T 1419-5 34,400 - 34,400 1420-2 18,100 - 18,100 (1980) 52,500 - 52,500	L=21,800 I=0 T=21,800 (1979)	L=9,600 I=0 T=9,600 (1979)	L=68,700 I=0 T=68,700 (1979)	L=81,500 I=0 T=81,500 (1981)
Lot Size	12,358.5 SF	5,070 SF	3,200 SF	27,472 SF	27,472 SF
Frontage	93' on Franklin			132'	
Zoning	R-5	R-5	R-5	M-1	M-1
Price/SF	\$4.53	\$4.54	\$3.59	\$2.91	\$4.37
Comments	9 condos were built on this land. The land cost/unit is \$6,222.22				A law office will be built on this site. It is near railroad tracks.

EXHIBIT 30 (Continued)

Sudhakar Rao, Inc.

E. Test of Preliminary  
Most Probable Price Determination

Since actual market sales are used for the valuation approach, it is useful to test the probable price based on the marketplace for compatibility with investment valuation in terms of basic yields and risk ratios.

A computer cash flow program which calculates a before and after tax yield forecast (internal rate of return) is used to test the value estimate of \$97,500, based upon Scenario #5 assumptions regarding rental revenues, financing parameters, capital outlays and investor requirements. (See Appendix E, Scenario #5.)

The estimated capital outlay of \$527,000 plus the estimated purchase price of \$97,500 represent the initial project value (or cost) of \$624,500. Effective gross rental revenue, initially at the lower range of market, is assumed to increase 10 percent at the end of the three year lease period reflecting the increased demand for the retailed space. No other allowance is made for inflation or appreciation so that the internal rate of return can be compared with a real return in constant dollars.

The first year cash on cash of almost 5 percent, an average debt coverage ratio of 1.41 (1.35 in year one), a default ratio of .76, a before tax internal rate of return of 6.5 percent and a 10 percent after tax internal rate of return lend support to

the most probable price of \$97,500. (See Exhibit 31.) A second run was done assuming an inflation rate of 6 percent for revenues and 6 percent for management expenses. Real estate tax increases are passed through and the property is assumed to appreciate at about 4 percent per year. The before and after tax internal rate of return of 14.7 percent and 16.4 percent are within a range acceptable to investors.

F. Test of Most Probable Price  
Without Historic Landmark Designation

If the property did not have a historic landmark designation the owner would lose the benefit of the 25 percent investment tax credit for qualified rehabilitation expenditures for either a residential or non-residential property. The property, over 40 years old, would qualify for a 20 percent tax credit for qualified rehabilitation expenditures, but the credit would be subtracted from the basis in the improvements for depreciation purposes.

The same assumptions are used in the computer program except the property is not a certified historic landmark and the tax credit is now 20 percent of the qualified costs or \$30,402 as compared to \$38,002 for the historic property. To obtain the same after tax internal rate of return of 10 percent, the property would have to have an initial value of no more than \$599,500 ( $\$527,000 + \$72,500$ ) or \$25,000 less than

EXHIBIT 31

TEST OF MOST  
PROBABLE PRICE DETERMINATION

INPUT PARAMETERS

\*\*\*\*\*

1. ENTER PROJECT NAME ? CITY MARKET PLACE
2. ENTER PROJECTION PERIOD ? 5
3. DO YOU WANT TO ENTER EFFECTIVE GROSS REVENUE INSTEAD OF NOI? Y  
TO REPEAT PREVIOUS YEARS NOI OR EGR FOR BAL OF PROJECTION ENTER 0

EFFECTIVE GROSS REVENUE YEAR 1? 71387  
EFFECTIVE GROSS REVENUE YEAR 2? 71387  
EFFECTIVE GROSS REVENUE YEAR 3? 71387  
EFFECTIVE GROSS REVENUE YEAR 4? 78526  
EFFECTIVE GROSS REVENUE YEAR 5? 78526

VAR OP EXPENSE (%) YEAR 1? 0  
VAR OP EXPENSE (%) YEAR 2? 0

FIXED OP EXPENSE YEAR 1? 12667  
FIXED OP EXPENSE YEAR 2? 12667  
FIXED OP EXPENSE YEAR 3? 12667  
FIXED OP EXPENSE YEAR 4? 12863  
FIXED OP EXPENSE YEAR 5? 12863

4. VALUE: ? 624500
5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N?Y  
MTG. RATIO OR AMOUNT, INT., TERM, NO PAY/YR ? 322500, .13, 25, 12
6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? .6, 15  
IS THERE A SECOND IMPROVEMENT? Y OR N? Y  
ENTER RATIO OF IMP #2/TOTAL VALUE, LIFE OF IMP #2? .24, 15  
ENTER REHABILITATION TAX CREDIT FOR IMP #2: 38002  
IS STRUCTURE A CERTIFIED HISTORICAL LANDMARK? Y OR N?Y
7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1  
DEPRECIATION METHOD, IMPROVEMENT #2 ? 1  
IS PROPERTY SUBSIDIZED HOUSING ? Y OR N ?N  
IS PROPERTY RESIDENTIAL? Y OR N? N
8. IS OWNER A TAXABLE CORPORATION? Y OR N ?N  
THE MAXIMUM FEDERAL INDIVIDUAL ORDINARY RATE COULD BE:  
70% (PRE-1981 LAW)  
50% (1981 LAW, EFFECTIVE 1982)

(PLUS STATE RATE)

ENTER:

- 1) EFFECTIVE ORDINARY RATE 2) EFFECTIVE ORDINARY RATE (YEAR OF SALE)  
? .5, .5
9. RESALE PRICE (NET OF SALE COSTS) ? 624500
10. IS THERE LENDER PARTICIPATION ?N

Source: Landmark Research, Inc.

EXHIBIT 31 (Continued)

AFTER TAX CASH FLOW PROJECTION  
CITY MARKET PLACE  
DATE 1/27/82

DATA SUMMARY  
\*\*\*\*\*

VALUE: \$624,500. MTG. AMT.: \$322,500.  
NOI 1ST YR: \$58,720. MTG. INT.: 13%  
ORG. EQUITY: \$302,000. MTG. TERM: 25. YRS  
CTO 1ST YEAR: \$15,073. DEBT SERVICE 1ST YEAR: \$43,647.  
MTG. CONST.: .1353403  
IMP. #1 VALUE: \$374,700. IMP. #1 LIFE: 15.  
IMP. #2 VALUE: \$149,880. IMP. #2 LIFE: 15.  
INC. TX RATE: 50%  
SALE YR RATE: 50% OWNER: INDIVIDUAL

DEPRECIATION IMPROVEMENT #1 : STRAIGHT LINE  
DEPRECIATION IMPROVEMENT #2 : STRAIGHT LINE  
NON-RESIDENTIAL PROPERTY  
CERTIFIED HISTORICAL STRUCTURE  
LENDER PARTICIPATION: CASH THROW-OFF: NONE REVERSION: NONE

NO REPRESENTATION IS MADE THAT THE ASSUMPTIONS PROVIDED BY JAMES A. GRAASKAMP ARE PROPER OR THAT THE CURRENT TAX ESTIMATES USED IN THIS PROJECTION WILL BE ACCEPTABLE TO TAXING AUTHORITIES. NO ESTIMATE HAS BEEN MADE OF MINIMUM PREFERENCE TAX. CAPITAL LOSSES IN YEAR OF SALE ARE TREATED AS ORDINARY LOSSES (SECTION 1231 PROPERTY) AND ARE CREDITED AGAINST TAXES PAID AT A RATE EQUAL TO 50% OF THE ORDINARY RATE AT THE TIME OF SALE. NO PROVISION IS MADE IN THE PROGRAM TO BORROW CASH FROM ANOTHER SOURCE TO COVER NEGATIVE CTO WHEN DEBT SERVICE IS GREATER THAN NOI. IRR CALCULATIONS ARE BASED ON ORIGINAL EQUITY ONLY.

YEAR	NOI	MTG INT & LENDERS %	TAX DEP	TAXABLE INCOME	INCOME TAX	AFTER TAX CASH FLOW
1.	58720.	41819.	34972.	-18072.	-47039.	62112.
2.	58720.	41566.	34972.	-17819.	-8910.	23983.
3.	58720.	41279.	34972.	-17532.	-8767.	23840.
4.	65663.	40952.	34972.	-10262.	-5132.	27148.
5.	65663.	40580.	34972.	-9890.	-4946.	26962.
	-----	-----	-----	-----	-----	-----
	\$307486.	\$206196.	\$174860.	\$-73575.	\$-74794.	\$164044.

NOTE: 1ST YEARS TAX REDUCED BY \$38,002. FOR REHABILITATION TAX CREDIT (IMP #2)

EXHIBIT 31 (Continued)

RESALE PRICE: \$624,500.  
 LESS MORTGAGE BALANCE: \$310,459.  
 PROCEEDS BEFORE TAXES: \$314,041.  
 LESS LENDER'S %: \$0.  
 NET SALES PROCEEDS  
 BEFORE TAXES: \$314,041.  
 =====

1ST YR B4 TAX EQ DIV: 4.9910%  
 AVG DEBT COVER RATIO: 1.4090  
 AVG DEFAULT RATIO: .7596

RESALE PRICE: \$624,500.  
 LESS LENDER'S %: \$0.  
 NET RESALE PRICE: \$624,500.  
 LESS BASIS: \$449,640.  
 TOTAL GAIN: \$174,860.  
 LESS EXCESS DEPREC.: \$0.  
 CAPITAL GAIN: \$174,860.  
 =====

CAPITAL GAINS TAX: \$34,972.  
 PLUS EXCESS DEP TAX: \$0.  
 PLUS MORTGAGE BAL: \$310,459.  
 TOTAL DEDUCTIONS FROM  
 NET RESALE PRICE: \$345,431.  
 =====

NET SALES PROCEEDS  
 AFTER TAX: \$279,069.  
 =====

IF PURCHASED AS ABOVE, HELD 5 YEARS & SOLD FOR \$624,500.  
 THEN I.R.R. IS 6.5244% BEFORE TAXES 10.0713% AFTER TAXES

EXHIBIT 31 (Continued)

DEPRECIATION SCHEDULE  
 CITY MARKET PLACE  
 IMPROVEMENT # 1  
 STRAIGHT LINE  
 NON-RESIDENTIAL  
 \*\*\*\*\*

YEAR	TAX DEP.	S.L. DEP.	EXCESS DEP	BALANCE
1.	24980.0	24980.0	.0	349720.0
2.	24980.0	24980.0	.0	324740.0
3.	24980.0	24980.0	.0	299760.0
4.	24980.0	24980.0	.0	274780.0
5.	24980.0	24980.0	.0	249800.0
SUB-TOTAL	124900.0	124900.0	.0	

DEPRECIATION SCHEDULE  
 CITY MARKET PLACE  
 IMPROVEMENT # 2  
 STRAIGHT LINE  
 NON-RESIDENTIAL  
 \*\*\*\*\*

YEAR	TAX DEP.	S.L. DEP.	EXCESS DEP	BALANCE
1.	9992.0	9992.0	.0	139888.0
2.	9992.0	9992.0	.0	129896.0
3.	9992.0	9992.0	.0	119904.0
4.	9992.0	9992.0	.0	109912.0
5.	9992.0	9992.0	.0	99920.0
SUB-TOTAL	49960.0	49960.0	.0	
TOTAL	174860.0	174860.0	.0	

EXHIBIT 31 (Continued)

MORTGAGE ANALYSIS  
CITY MARKET PLACE  
\*\*\*\*\*

YEAR	NOI	MORT INT.	MORT AMORT	DEBT SERV	DCR	MTG. BAL.	DEFAULT RATIO
1.	58720.	41819.	1829.	43647.	1.345	320671.	.789
2.	58720.	41566.	2081.	43647.	1.345	318590.	.789
3.	58720.	41279.	2368.	43647.	1.345	316222.	.789
4.	65663.	40952.	2695.	43647.	1.504	313527.	.720
5.	65663.	40580.	3067.	43647.	1.504	310459.	.720
AVG	\$61,497.				1.409		.760

REVENUE AND EXPENSE REPORT  
CITY MARKET PLACE  
DATE 1/20/82  
\*\*\*\*\*

YEAR	EFF	GROSS REV	% RATE	% VAR OP	\$ FIXED OP	NOI	
1.		\$71,387.	0.%		\$0.	\$12,667.	\$58,720.
2.		\$71,387.	0.%		\$0.	\$12,667.	\$58,720.
3.		\$71,387.	0.%		\$0.	\$12,667.	\$58,720.
4.		\$78,526.	0.%		\$0.	\$12,863.	\$65,663.
5.		\$78,526.	0.%		\$0.	\$12,863.	\$65,663.
		-----		-----	\$0.	\$63,727.	-----
		\$371,213.					\$307,486.

EQUITY ANALYSIS  
CITY MARKET PLACE  
\*\*\*\*\*

YR	NOI.	BEFORE TAX EQUITY	YR END EQUITY	AMOUNT	CASH ORG EQ	RETURN CUR EQ
1.	\$58,720.	\$303,829.	\$15,073.	.0499	.0496	
2.	58,720.	305,910.	15,073.	.0499	.0493	
3.	58,720.	308,278.	15,073.	.0499	.0489	
4.	65,663.	310,973.	22,016.	.0729	.0708	
5.	65,663.	314,041.	22,016.	.0729	.0701	

ORIGINAL EQUITY: \$ 302000

the value of the property with the historic designation. Therefore, the most probable selling price of the subject property without the historic landmark designation is estimated to be \$72,500; this estimate is proximate to the low range of the estimate of \$75,000 determined by the market comparison approach. The computer output for this test is shown in Exhibit 32.

EXHIBIT 32

TEST OF MOST PROBABLE PRICE WITHOUT  
HISTORIC LANDMARK DESIGNATION

INPUT PARAMETERS  
\*\*\*\*\*

1. ENTER PROJECT NAME ? CITY MARKET PLACE
2. ENTER PROJECTION PERIOD ? 5
3. DO YOU WANT TO ENTER EFFECTIVE GROSS REVENUE INSTEAD OF NOI? Y  
TO REPEAT PREVIOUS YEARS NOI OR EGR FOR BAL OF PROJECTION ENTER 0

EFFECTIVE GROSS REVENUE YEAR 1? 71387  
EFFECTIVE GROSS REVENUE YEAR 2? 71387  
EFFECTIVE GROSS REVENUE YEAR 3? 71387  
EFFECTIVE GROSS REVENUE YEAR 4? 78526  
EFFECTIVE GROSS REVENUE YEAR 5? 78526

VAR OP EXPENSE (%) YEAR 1? 0  
VAR OP EXPENSE (%) YEAR 2? 0

FIXED OP EXPENSE YEAR 1? 12667  
FIXED OP EXPENSE YEAR 2? 12667  
FIXED OP EXPENSE YEAR 3? 12667  
FIXED OP EXPENSE YEAR 4? 12863  
FIXED OP EXPENSE YEAR 5? 12863

4. VALUE: ? 599500
5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N?Y  
MTG. RATIO OR AMOUNT, INT., TERM, NO PAY/YR ? 322500, .13, 25, 12
6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? .63, 15  
IS THERE A SECOND IMPROVEMENT? Y OR N? Y  
ENTER RATIO OF IMP #2/TOTAL VALUE, LIFE OF IMP #2? .25, 15  
ENTER REHABILITATION TAX CREDIT FOR IMP #2: 30402  
IS STRUCTURE A CERTIFIED HISTORICAL LANDMARK? Y OR N?N
7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1  
DEPRECIATION METHOD, IMPROVEMENT #2 ? 1  
IS PROPERTY SUBSIDIZED HOUSING ? Y OR N ?N  
IS PROPERTY RESIDENTIAL? Y OR N? N
8. IS OWNER A TAXABLE CORPORATION? Y OR N ?N  
THE MAXIMUM FEDERAL INDIVIDUAL ORDINARY RATE COULD BE:  
70% (PRE-1981 LAW)  
50% (1981 LAW, EFFECTIVE 1982)

(PLUS STATE RATE)

- ENTER:  
1) EFFECTIVE ORDINARY RATE 2) EFFECTIVE ORDINARY RATE (YEAR OF SALE)  
? .5, .5
9. RESALE PRICE (NET OF SALE COSTS) ? 599500
  10. IS THERE LENDER PARTICIPATION ?N

Source: Landmark Research, Inc.

EXHIBIT 32 (Continued)

AFTER TAX CASH FLOW PROJECTION  
CITY MARKET PLACE  
DATE 1/27/82

DATA SUMMARY  
\*\*\*\*\*

VALUE: \$599,500. MTG. AMT.: \$322,500.  
NOI 1ST YR: \$58,720. MTG. INT.: 13%  
ORG. EQUITY: \$277,000. MTG. TERM: 25. YRS  
CTO 1ST YEAR: \$15,073. DEBT SERVICE 1ST YEAR: \$43,647.  
MTG. CONST.: .1353403  
IMP. #1 VALUE: \$377,685. IMP. #1 LIFE: 15.  
IMP. #2 VALUE: \$149,875. IMP. #2 LIFE: 15.  
INC. TX RATE: 50%  
SALE YR RATE: 50% OWNER: INDIVIDUAL

DEPRECIATION IMPROVEMENT #1 : STRAIGHT LINE  
DEPRECIATION IMPROVEMENT #2 : STRAIGHT LINE  
NON-RESIDENTIAL PROPERTY  
LENDER PARTICIPATION: CASH THROW-OFF: NONE REVERSION: NONE

NO REPRESENTATION IS MADE THAT THE ASSUMPTIONS PROVIDED BY JAMES A. GRAASKAMP ARE PROPER OR THAT THE CURRENT TAX ESTIMATES USED IN THIS PROJECTION WILL BE ACCEPTABLE TO TAXING AUTHORITIES. NO ESTIMATE HAS BEEN MADE OF MINIMUM PREFERENCE TAX. CAPITAL LOSSES IN YEAR OF SALE ARE TREATED AS ORDINARY LOSSES (SECTION 1231 PROPERTY) AND ARE CREDITED AGAINST TAXES PAID AT A RATE EQUAL TO 50% OF THE ORDINARY RATE AT THE TIME OF SALE.  
NO PROVISION IS MADE IN THE PROGRAM TO BORROW CASH FROM ANOTHER SOURCE TO COVER NEGATIVE CTO WHEN DEBT SERVICE IS GREATER THAN NOI.  
IRR CALCULATIONS ARE BASED ON ORIGINAL EQUITY ONLY.

YEAR	NOI	MTG INT & LENDERS %	TAX DEP	TAXABLE INCOME	INCOME TAX	AFTER TAX CASH FLOW
1.	58720.	41819.	33144.	-16243.	-38524.	53597.
2.	58720.	41566.	33144.	-15991.	-7996.	23069.
3.	58720.	41279.	33144.	-15704.	-7853.	22926.
4.	65663.	40952.	33144.	-8434.	-4218.	26234.
5.	65663.	40580.	33144.	-8062.	-4032.	26048.
	<u>\$307486.</u>	<u>\$206196.</u>	<u>\$165719.</u>	<u>\$-64434.</u>	<u>\$-62623.</u>	<u>\$151873.</u>

NOTE: 1ST YEARS TAX REDUCED BY \$30,402. FOR REHABILITATION TAX CREDIT (IMP #2) DEPRECIABLE BASIS (IMP. #2) ALSO REDUCED BY \$30,402.

EXHIBIT 32 (Continued)

RESALE PRICE: \$599,500.  
 LESS MORTGAGE BALANCE: \$310,459.  
 PROCEEDS BEFORE TAXES: \$289,041.  
 LESS LENDER'S %: \$0.  
 NET SALES PROCEEDS  
 BEFORE TAXES: \$289,041.  
 =====

1ST YR B4 TAX EQ DIV: 5.4414%  
 AVG DEBT COVER RATIO: 1.4090  
 AVG DEFAULT RATIO: .7596

RESALE PRICE: \$599,500.  
 LESS LENDER'S %: \$0.  
 NET RESALE PRICE: \$599,500.  
 LESS BASIS: \$433,781.  
 TOTAL GAIN: \$165,719.  
 LESS EXCESS DEPREC.: \$0.  
 CAPITAL GAIN: \$165,719.  
 =====

CAPITAL GAINS TAX: \$33,144.  
 PLUS EXCESS DEP TAX: \$0.  
 PLUS MORTGAGE BAL: \$310,459.  
 TOTAL DEDUCTIONS FROM  
 NET RESALE PRICE: \$343,603.  
 =====

NET SALES PROCEEDS  
 AFTER TAX: \$255,897.  
 =====

IF PURCHASED AS ABOVE, HELD 5 YEARS & SOLD FOR \$599,500.  
 THEN I.R.R. IS 7.0967% BEFORE TAXES 10.1013% AFTER TAXES

V. VALUE CONCLUSION

The market comparison approach to value which uses cash or cash equivalent selling prices as benchmarks suggested a central tendency value estimate of \$107,000 which in the appraiser's opinion represents the upper value range for the subject property because of the multitude of risks involved in the rehabilitation and marketing of this property.

The estimated rental revenues for the most probable retailing/restaurant use suggest a justified investment value of \$86,000 which includes the investment tax credit allowed a historic landmark property.

The comparable C3 land sales along East Washington Avenue, properly discounted for the poorer linkages and visibility of the subject, suggest a value of \$2.00 per square foot to \$2.80 per square foot of land.

THEREFORE, THE MOST PROBABLE SELLING PRICE OF THE SUBJECT PROPERTY, AS OF JANUARY 1, 1982, IS:

NINETY SEVEN THOUSAND FIVE HUNDRED DOLLARS

(\$97,500 or \$2.00 per square foot of land)

assuming a cash sale, given the availability of an economic development loan for the project at 13 percent interest for a 25 year term.

## STATEMENT OF LIMITING CONDITIONS

This appraisal has been made subject to certain conditions, caveats, and stipulations, either expressed or implied in the prose as well as the following:

### 1. Contributions of Other Professionals

- . Because the budget did not provide for a consulting engineer or architect, the appraisers applied limited structural analysis to the problem, and cost estimates must be considered nonprofessional.
- . There were no historical records of monthly operating costs or repair investments made available for this analysis. All leases are assumed to be triple net with only the base year real estate tax, calculated as 15 percent of the effective gross revenue, and a 5 percent management fee, where appropriate, included as expenses to the owner.
- . Because no legal advice was available, the appraisers assume no responsibility for legal matters nor has any opinion of title been submitted.
- . Sketches in this report are included to assist the reader in visualizing the property. These drawings are for illustrative purposes only and do not represent an actual survey of the property.

### 2. Facts and Forecasts Under Conditions of Uncertainty

- . All information furnished regarding property for sale, rental, financing, or projections of income and expense is from sources deemed reliable. No warranty or representation is made regarding the accuracy thereof, and it is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease, financing, or withdrawal without notice.
- . The comparable sales data relied upon in this appraisal is believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

- Forecasts of the effective demand of warehouse, office, retail and restaurant space are based upon the best available data concerning the Madison market, but are projected under conditions of uncertainty.
- Information furnished by others in this report, while believed to be reliable, is in no sense guaranteed by these appraisers. Although the before-tax arithmetic of the computer output has been hand checked for accuracy, no guarantee is made of the program's infallibility.

### 3. Controls on Use of the Appraisal

- Values for various components of the subject parcel and improvements as contained within the report are valid only when making a summation and are not to be used independently for any purpose and must be considered invalid if so used.
- Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent of the appraisers or the applicant and, in any event, only in its entirety.
- Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the authors, particularly regarding the valuation conclusions, and the identity of the appraisers, or of the firm with which they are connected or any of their associates.

CERTIFICATE OF APPRAISAL

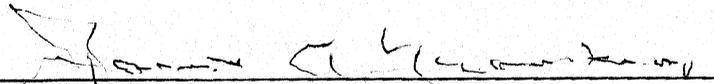
We hereby certify that we have no interest, present or contemplated, in the property and that neither the employment to make the appraisal nor the compensation is contingent on the value of the property. We certify that we have personally inspected the property and that according to our knowledge and belief, all statements and information in the report are true and correct, subject to the underlying assumptions and limiting conditions.

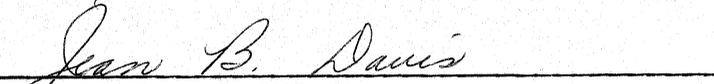
Based upon the information and subject to the limiting conditions contained in this report, it is our opinion that the most probable price, as defined herein, of this property as of January 1, 1982, is:

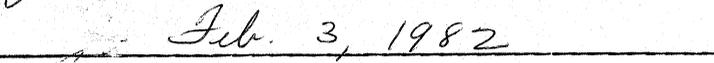
NINETY SEVEN THOUSAND FIVE HUNDRED DOLLARS

(\$97,500)

assuming a cash sale, given the availability of an economic development loan for the project at 13 percent interest for a 25 year term.

  
James A. Graaskamp, Ph.D., SREA, CRE

  
Jean B. Davis, MS

  
Date

JAMES A. GRAASKAMP

PROFESSIONAL DESIGNATIONS

SREA, Senior Real Estate Analyst, Society of Real Estate Appraisers

CRE, Counselor of Real Estate, American Society of Real Estate  
Counselors

CPCU, Certified Property Casualty Underwriter, College of Property  
Underwriters

EDUCATION

Ph.D., Urban Land Economics and Risk Management - University of Wisconsin  
Master of Business Administration Security Analysis - Marquette University  
Bachelor of Arts - Rollins College

ACADEMIC HONORS

Chairman, Department of Real Estate and Urban Land Economics,  
School of Business, University of Wisconsin  
Urban Land Institute Research Fellow  
University of Wisconsin Fellow, Omicron Delta Kappa  
Lambda Alpha - Ely Chapter  
Beta Gamma Sigma, William Kiehofer Teaching Award (1966)

PROFESSIONAL EXPERIENCE

Dr. Graaskamp is the President and founder of Landmark Research, Inc., which was established in 1968. He is also co-founder of a general contracting firm, a land development company and a farm investment corporation. He is formerly a member of the Board of Directors and treasurer of the Wisconsin Housing Finance Agency. He is currently a member of the Board and Executive Committee of First Asset Realty Advisors, a subsidiary of First Bank Minneapolis. He is the co-designer and instructor of the EDUCARE teaching program for computer applications in the real estate industry. His work includes substantial and varied consulting and valuation assignments to include investment counseling to insurance companies and banks, court testimony as expert witness and the market/financial analysis of various projects, both nationally and locally, and for private and corporate investors and municipalities.



APPENDIX A

ZONING CODES AND CODE VIOLATIONS FOR SUBJECT PROPERTY

Sec. 28.04(13)(b)4.

ZONING CODE

4. No relocation, enclosure or bridging of a drainage course shall be permitted except upon issuance of a certificate by the City Engineer that the location, character and extent of such relocation, enclosure or bridging of the drainage course shall be in the public interest.
5. The City Engineer may require the submittal of any such information which he considers essential for the proper enforcement of the above regulations.

**(14) Capitol View Preservation.**

(a) Statement Of Purpose. This subsection is established to preserve as well as to promote and enhance the view of the State Capitol Building from various parts of the City and its environs.

(b) Height Limitation. All buildings or structures erected hereafter, all structural alteration or relocation of existing buildings or structures occurring hereafter, and all enlargements of or additions to existing buildings or structures occurring hereafter shall be subject to the following regulation:

No portion of any building or structure located within one mile of the center of the State Capitol Building shall exceed the elevation of the base of the columns of said Capitol Building or one hundred eighty-seven and two-tenths (187.2) feet, City datum. Provided, however, this prohibition shall not apply to any flagpoles, communication towers, church spires, elevator penthouses and chimneys exceeding such elevation, when approved as conditional uses. For the purpose of this subsection, City datum zero (0.00) feet shall be established as eight hundred forty-five and six-tenths (845.6) feet above sea level as established by the United States Coast and Geodetic Survey.

(c) (R. by Ord. 5831, 5-6-77)

(15) Signs are permitted in all zoning districts provided the signs are erected and maintained in conformance with all regulations set forth herein or in Chapter 31 of the Madison General Ordinances that apply to the zoning district in which said signs are erected. (Am. by Ord. 5831, 5-6-77)

(16) Special Provisions Applicable To Miscellaneous Uses. The following provisions set forth hereinafter for certain uses are applicable to all such uses regardless of the zoning district wherein they may be located.

(a) Automobile Laundries. The following provisions shall apply to automobile laundries:

1. A buffer area at least six (6) feet in width and initially landscaped with four (4) feet tall evergreen shrubs to ultimately form a continuous hedge not less than five (5) feet nor more than six (6) feet in height, shall be established and maintained at any rear or side lot line abutting a residence district. A solid wall or fence providing a visual screen and of decorative design may be substituted for the evergreen hedge.
2. Any exterior lighting to illuminate the premises shall be arranged so as not to reflect rays of light into adjacent lots nor shine rays of light directly into the streets.

## Sec. 28.09(3)(e)

## ZONING CODE

- (e) Lot Area Requirements. In the C2 district, the lot area requirements of the C1 district shall apply.
- (f) Floor Area Ratio. In the C2 district, the floor area ratio shall not exceed 3.0.
- (g) Yard Requirements. In the C2 district, minimum yards shall be provided as follows:
1. A yard shall be provided where the extension of a front or side lot line abutting a street coincides with a front lot line of an adjacent lot located in a residence district. Such yard shall be equal in depth to the minimum front yard required by this ordinance on such adjacent residential lot. Such yard shall be provided along such front or side lot abutting a street for a distance of at least twenty-five (25) feet, including the width of any intervening alley, from such residential lot.
  2. A yard shall be provided where a side lot line coincides with an alley right-of-way line or a side or rear lot line in an adjacent residence district. Such yard along such side lot line shall be equal in dimension to the minimum side yard which would be required under this ordinance for a residential use opposite such alley right-of-way line or on the adjacent residential lot.
  3. A yard shall be provided where a rear lot line coincides with an alley right-of-way line or a side lot line or rear lot line in an adjacent district. Such yard along such rear lot line shall be ten (10) feet in depth for buildings not exceeding one story in height, and thirty (30) feet for buildings exceeding one story in height.
  4. For residential uses, there shall be provided side and rear yards as established in the R5 district regulations. For residential uses located above the ground floor, such yards shall begin at a level no higher than the level of the finished floor of the lowest residential unit.
- (h) Usable Open Space Requirements. In the C2 district, the usable open space requirements of the C1 district shall apply.
- (i) (R. by Ord. 5831, 5-6-77)
- (4) \*C3 Highway Commercial District.\*
- (a) Statement of Purpose. The C3 Highway Commercial district is established to furnish the consumer population served by the C2 General Commercial district with a wide variety of goods and services, some of which are not compatible with the uses permitted in the C2 General Commercial district and thus not permitted therein. Within this district are permitted those uses which because of certain locational requirements and operational characteristics are appropriate to locations either in close proximity to major thoroughfares or in areas away from residences.

ZONING CODE

Sec. 28.09(4)(b)

- (b) General Regulations. Uses permitted in the C3 district are subject to the following conditions:
1. All business, servicing or processing, except for off-street parking, off-street loading, display of merchandise for sale to the public, establishments of the drive-in type and outdoor eating areas of restaurants approved as a conditional use by the Plan Commission shall be conducted within completely enclosed buildings unless otherwise indicated hereinafter. (Am. by Ord. 4301, 8-29-73)
  2. Parking of trucks as an accessory use, when used in the conduct of a permitted business listed hereinafter, shall be limited to vehicles of not over one and one-half (1 1/2) tons capacity when located within one hundred fifty (150) feet of a residence district boundary line.
  3. All storage within one hundred (100) feet of a residence district, arterial or collector street, except for motor vehicles in operable condition, shall be within completely enclosed buildings or effectively screened with screening not less than six (6) feet nor more than eight (8) feet in height, provided no storage located within fifty (50) feet of such screening shall exceed the maximum height of such screening. (Cr. by Ord. 5117, 9-3-75)
- (c) Permitted Uses. The following uses are permitted in the C3 district:
1. Accessory uses.
  2. Any use permitted in the C2 district.
  3. Animal hospitals and kennels, including outdoor dog runs or exercise pens when located not less than two hundred (200) feet from a residence district.
  4. Any production, processing, cleaning, servicing, testing or repair of materials, goods or products, limited to the following uses or products:
    - a. Advertising products, such as signs and billboards.
    - b. Awnings, venetian blinds and window shades.
    - c. Bottling or distribution plants, milk or soft drinks.
    - d. Ceramic products, such as pottery, figurines and small glazed tiles.

ZONING CODE

Sec. 28.09(4)(c)4.e.

- e. Cooperage works.
- f. Film developing and processing.
- g. Furniture refinishing.
- h. Jewelry.
- i. Medical, dental and optical supplies.
- j. Milk and ice cream processing.
- k. Products from the following previously prepared materials:  
bone, canvas, cellophane, cloth, cork, feathers, felt, fiber,  
fur, glass, hair, horn, leather, paper, plastic, precious or  
semiprecious stones, rubber, shell and yarn.
- l. Scientific and precision instruments.
- m. Soldering and welding.
- 5. Bakeries with no limitations on number of employees.
- 6. Battery and tire service stations.
- 7. Building material sales establishments.
- 8. Dry cleaning and laundry establishments with no limitation on number  
of employees.
- 9. Express and parcel delivery establishments.
- 10. Feed and seed stores.
- 11. Fuel and ice sales establishments.
- 12. Garages for repair and servicing of motor vehicles, including body  
repair, painting or motor rebuilding.
- 13. Greenhouses.
- 14. Linen, towel, diaper and other similar supply services.
- 15. Live bait stores.
- 16. Machinery and equipment sales and service establishments.
- 17. Mail order houses.
- 18. Meeting halls, convention halls and exhibition halls.
- 19. Mobile home sales and service establishments.
- 20. Model homes or garage displays.
- 21. Monument sales.
- 22. Motor vehicle sales or rental establishments. (Am. by Ord. 5161,  
9-29-75)
- 23. Newspaper distribution agencies for home delivery and retail sale.
- 24. Packing and crating establishments.
- 25. Stadiums, auditoriums and arenas, open or enclosed.
- 26. Storage and warehousing establishments.
- 27. Trailer sales and rental, for use with private passenger motor  
vehicles.
- 28. Wholesaling establishments.
- 29. Bus garages and bus parking lots. (Cr. by Ord. 6725, 8-30-79)
- 30. Outdoor display and sale of farm produce and nursery stock. (Cr. by  
Ord. 7018, 6-27-80)

## Sec. 28.09(4)(d)

## ZONING CODE

- (d) Conditional Uses. The following conditional uses may be allowed in the C3 district subject to the provisions of Section 28.12(10).
1. Any use allowed as a conditional use in the C2 district.
  2. Any production, processing, cleaning, servicing, testing or repair of materials, goods or products, limited to the following uses or products: Machine shops and fabrication of metals not more than ten (10) gauge in thickness.
  3. Cartage establishments, but not including motor freight terminals.
  4. Adult entertainment taverns, subject to the following conditions:
    - a. No such establishment shall be located within five hundred (500) lineal feet of a church, or any private or public day care center, preschool center, or school, or a public park, or any library, or any Residential District, or any Planned Developments, or any tavern, or any other adult entertainment tavern.
    - b. The establishment shall acquire and maintain an adult entertainment tavern permit pursuant to Section 9.10(17) or 9.11(19) of these ordinances prior to issuance of an occupancy permit.
- (Sec.28.09(4)(d)4. Cr. by Ord. 6101, 1-6-78)
- (e) Lot Area Requirements. In the C3 district, the lot area requirements of the C1 district shall apply.
- (f) Floor Area Ratio. In the C3 district, the floor area ratio shall not exceed 3.0.
- (g) Yard Requirements. In the C3 district, the yard requirements of the C2 district shall apply.
- (h) Usable Open Space Requirements. In the C3 district, the usable open space requirements of the C1 district shall apply.
- (i) (R. by Ord. 5831, 5-6-77)
- (5) C4 Central Commercial District.
- (a) Statement Of Purpose. The C4 Central Commercial district is established to accommodate those uses which are of City-wide, regional or state significance. Within this district, which is located in close proximity to the State Capitol Building and State Street, and which is readily accessible by public transportation from all parts of the City, are permitted the retail, service and office uses characteristic of a central business district. In addition to commercial activities, residential use above the ground floor is permitted and encouraged. No accessory off-street parking is required in this district, and any off-street parking which is provided is controlled as to the location, type and size of such facility so as to reduce congestion on streets within or leading to this district. All new buildings and any major alteration of an exterior building face must be approved by the Plan Commission because of the community's objective to maintain the aesthetic qualities of the district. (Am. by Ord. 6052, 11-29-77)

OFFICIAL NOTICE

01 02700

Notice: An inspection discloses that certain sections of the City Ordinances are being violated.

From: Building Inspections Department  
210 Monona Avenue  
Madison, Wisconsin 53709

Property Located at: 702 East Mifflin Street

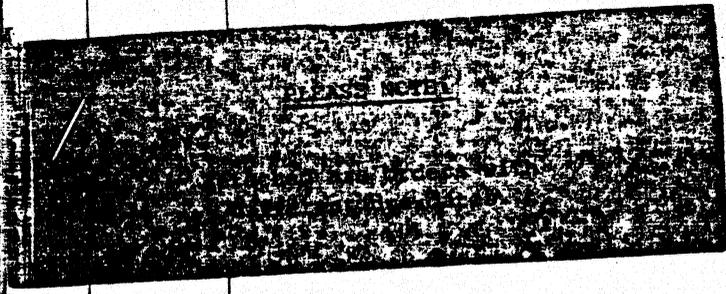
215 Monona Avenue

Address:

Owner's Name: City of Madison  
c/o Warren Kenney

Madison, WI 53710

Item No.	Violating Section No.	CORRECTIONS REQUIRED	Date of Completion
1.	27.05(2)(e)	Paint exterior trim where it is peeling and gutters that are rusting.	
2.	27.05(2)(a) 27.05(2)(1)	Secure gutters where needed and attach downspouts or properly grade the area to divert water from the building.	
3.	27.05(2)(g)2.	Repair the crack in the exterior wall on the east side of the building.	
4.	27.05(2)(g)2.	Repair the wood siding on the south side of the building.	
5.	27.05(2)(h)	Replace missing and broken panels on the garage door.	
6.	27.05(2)(g)2.	Repair the masonry near the overhead door on the building closest to Livingston Street.	
7.	27.05(2)(g)	Repair all exterior metal walls on the building closest to Livingston Street.	



Please notify the inspector when work is completed. Telephone: 266-4495

Inspected By: T. R. Spring

On: 6-18-81

Date Issued: 6-24-81

The violations shall be corrected on or before: September 27, 1981

Code Enforcement Officer: T.R. Spring

Reinspected: \_\_\_\_\_

Order completed by due date  YES  NO

Date sent to City Attorney for legal action: \_\_\_\_\_

Any person violating any provision of the City Ordinances enforced by the Building Inspection Department is subject to the penalties provided by the appropriate Ordinance violated. ALL APPLICATIONS FOR APPEAL OF CHAPTERS 17, 18, 19, 27, 28, 29, 30 and 31 SHALL BE SUBMITTED TO THE BUILDING INSPECTION SUPERINTENDENT IN WRITING WITHIN FIFTEEN (15) DAY OF POSTMARK ON OFFICIAL NOTICE ENVELOPE. Appeal information may be obtained by calling 266 4551.

CITY OF MADISON  
OFFICIAL NOTICE

81-02404

Notice: An inspection discloses that certain sections of the City Ordinances are being violated

From: Building Inspections Department  
210 Monona Avenue  
Madison, Wisconsin 53709

Property Located at: 702 East Mifflin Street

215 Monona Avenue

Owner's Name: City of Madison  
c/o Warren Kenney

Address: Madison, WI 53710

Item No.	Violating Section No.	CORRECTIONS REQUIRED	Date of Completion
1.	27.05(2)(h)	Replace all broken windows or board them up including those in the shed next to the old gas pumps.	
2.	27.08(7)(a)	Secure the shed next to the old gas pumps.	
3.	27.05(2)(c)	Remove all broken glass from around the building.	
4.	27.05(2)(b)	Remove all weeds from around the building.	

Please notify the inspector when work is completed. Telephone: 266-4495

Inspected By: T. R. Spring

On: 6-18-81

Date Issued: 6-24-81

The violations shall be corrected on or before: July 26, 1981

Code Enforcement Officer: T.R. Spring

mb

Reinspected: \_\_\_\_\_

Order completed by due date:  YES  NO

Date sent to City Attorney for legal action: \_\_\_\_\_

Any person violating any provision of the City Ordinances enforced by the Building Inspection Department is subject to the penalties provided by the appropriate Ordinance violated. ALL APPLICATIONS FOR APPEAL OF CHAPTERS 17, 18, 19, 27, 28, 29, 30 and 31 SHALL BE SUBMITTED TO THE BUILDING INSPECTION SUPERINTENDENT IN WRITING WITHIN FIFTEEN (15) DAYS OF POSTMARK ON OFFICIAL NOTICE ENVELOPE. Appeal information may be obtained by calling 266-4551

CITY OF MADISON  
INTER-DEPARTMENTAL  
CORRESPONDENCE

Date: June 30, 1981

To: William Bakken, Assistant Director, NRU

From: Katherine Rankin, Preservation Planner *Kitty Rankin*

Subject: City Market

At your request, I have prepared a priority list for the stabilization of the City Market property. This list is based on the premise that the first priority is to improve the appearance of the building. Therefore, the list differs somewhat from the breakdown of tasks recommended when we applied for the National Register stabilization grant. In regard to the grant application, it is impossible at this point to determine the effects of Reagan's budget cuts on the final outcome of the National Register grant programs. I would definitely not count of those dollars, however. The cost estimates were provided by Pete Blossom.

<u>Item</u>	<u>Cost</u>
The following items should be completed as soon as possible to improve the appearance of the building:	
1. Remove weeds growing on property.	minimal
2. Replace all broken window sash.	\$640
Our original grant application recommended boarding up the windows, but this would add to the abandoned appearance of the property. Mr. Blossom recommends that if we replace the broken sash, we should make sure that the Police Dept. will replace broken windows as they are broken, to avoid further vandalism.	
3. Replace broken sash on garage doors with wood panels	\$200
4. Basement windows - replace glass with wood. Remove entire sash and replace stops for finished appearance.	\$350
5. Remove frame section on southeast side of building that has recently been boarded extensively, and secure doors behind.	\$400
6. Remove storm door with broken windows on northwest side of building.	minimal

Memo to Mr. Bakken  
June 30, 1981  
Page 2

7. Replace deteriorated door on Market Place side of building, west corner to match door on Mifflin St. side. \$200
  8. Scrape and paint all painted parts (color to be determined) \$4000
  9. If any screens remain which are not put up, put back in windows to protect glass. minimal
- TOTAL COSMETIC ITEMS \$5800

To stabilize the building and to halt further deterioration, the following activities should also take place:

1. Connect downspouts, repair gutters, replace where necessary. \$1000  
A major cause of deterioration by water damage is the unconnected and missing gutters and downspouts. Missing gutters should be replaced and downspouts reconnected, so that all water drains away from the building.
2. Regrade ground near north wall with new asphalt. \$500  
This area slopes toward the building and is contributing to the deterioration of this section of wall.
3. Patch rotten roof rafters. \$500
4. Patch roof decking on northeast section. \$2000
5. Board up skylights. \$300
6. Miscellaneous roof repairs (flashings, etc). \$500

The roof is currently in a severe state of disrepair with water leaking into the building and causing some rotting of the roof rafters. Rotten roof rafters should be patched and replaced where necessary. The decking in the northeast section is particularly deteriorated. This area should be stabilized by the addition of 2 x 4 sleepers perpendicular to the rafters which should then be covered with corrugated steel. This has been done previously elsewhere on the building with good results. It would not be particularly attractive, but it is the best and least expensive short-term solution. In addition, there is an allowance for miscellaneous roof repairs the necessity for which would be ascertained by a closer inspection of the roof.

Memo to Mr. Bakken  
June 30, 1981  
Page 3

7. Miscellaneous \$500

This figure includes tuckpointing and a small contingency.

8. Structural analysis of north wall. \$2000

The most severe deterioration is occurring on the north wall of the building, which is pulling away from the rest of the structure. Probable causes for this are settling caused by unstable subsoil, settling caused by water draining toward the foundation, and an inadequate foundation in this area. A structural analysis is needed to ascertain the extent and cause of this problem and to determine the proper solutions. In the meantime, it is hoped that regrading of the asphalted pavement adjacent to this section will help to alleviate continued deterioration.

TOTAL COSTS - STABILIZATION \$7300

Please let me know what we should do next.

KR:cea

Condition of Market Place (Engineering Department Facility, located on the corner of Blount and Mifflin.)

The west foundation wall is deteriorating as evidenced by five (5) cracks which extend from the top of the foundation to the footing level. This is further evidenced by cracks in the masonry above the foundation on the east side of the building, and has caused the lintels above the windows to crack. The northeast wall has moved in the past three (3) years approximately 1 inch to the north causing separation of brick and concrete and is forcing the roof to stress itself on the north hip.

- > This problem is apparently caused by soil settlement at this corner of the building. It would be a very expensive ground grouting process to correct this situation. The south elevation of the structure is a combination concrete and brick with a frame add-on to the building. The frame portion that was added on some years ago is in a deteriorated condition due primarily to old age. The soffit supports located above the main entrance should be laterally braced if the building is to remain longer than the next year or two. The wood surface has deteriorated so it is not amenable to be painted without a good deal of work, scraping, sanding, etc. The southwest corner of the building has some minor structural cracks that appear at 10 foot intervals. It appears that corrective measures were taken some time ago to stop the building from spreading apart laterally. Downspouts and eaves have deteriorated beyond repair throughout the entire structure. The northwest corner of
- > the building is shifting laterally causing a 1/2 inch displacement in the structure. The north end of the building is composed of masonry and timber construction. The masonry is again in a state of deterioration.
- > The serious problem involves the roof supporting members attached to the side of the building. These appear to be in the process of rotting and are in many places deteriorated to a point where safety scaffold is recommended for support before snow season. Further evidence of building settlement is noted by the settlement by the slab between the existing ramp and foundation along the north wall. Settlement appears to be approximately 5 to 6 inches. Many sections of the roof rafters are deteriorating beyond a point where failure could occur should a heavy snow build up on the roof. The roof structure, when observed from grade, has sagged or displaced as much as 5 inches in places. The sheet metal used to cover the rotten portions of the roof boards will prevent, temporarily, anyone from falling through the roof. Observing building movement between the eastern 2 story section and the central portion is evident as the flashings are being pulled away from their original location. The parking lot and surrounding areas around the building have settled to a point where water is collecting and causing an unnatural amount of water to enter the subsurface. The roof is supported by several large steel trusses. In between these steel trusses there are large timber beams of approximately 5 x 14 inches. These beams are in various states of deterioration. Resting on the beams are the rafters which are 2 x 8 inches in dimension. Because they have been painted from the bottom, it is hard to tell where the deterioration has taken place. Several rafters have been replaced in the past because of failure. It appears that a large overhead hoist may be overstressing one of the main trusses supporting the roof. In the event of a sizeable life load on the roof coupled with a large load being lifted with the hoist, a failure may occur. The electrical system in the building lacks the latest safety requirements as far as grounding, light shields, and ground fault detection. Ventilation is minimal with no mechanical exhaust being located in the work area to rid the building of byproducts caused from servicing vehicles. Ventilation is presently taken care of by opening the several doors and windows that served for ventilation requirements

when the building was built in 1913. The heating plant being an old coalfired boiler converted to gas some years back. The condensate return pumps are in the same questionable state as the boiler as severe rusting and deterioration of both holding tanks is evident. The pumps switchgear and valving are antique. Energy conservation concerning the boiler and heating system coupled with the zero insulation contained in the roof and wall structures put the building as a prime target for those who would wish to take issue with the City's part in energy conservation. The southeast corner of the building in the basement area reveals a crack running diagonally from the basement floor to a window that is not visible from the exterior. This crack is approximately 7/8 inch wide and has shown settlement and lateral movement of the southeast corner of the building. The center foundation used as a bearing wall for the structural slab above has settled and is moving north in the same manner causing a questionable, at best, condition to exist with the structural slab above. Plumbing facilities are lacking with the number of lavatories, being short one and being short one urinal. The slab used in the apparatus room has settled a substantial amount. This is evidenced by an old footing or piling located in the eastern one half of the floor that isn't settling and is causing a hump of approximately 4 1/2 inches.

In summary, the building has received a minimum amount of maintenance during the past years as the basic structure is failing which makes rehabilitation of the facility economically unfeasible.

*William Baker*  
11/18/75

(g) Usable Open Space Requirements. In the R4 district, there shall be provided a usable open space of not less than five hundred (500) square feet per dwelling unit.

(h) (R. by Ord. 5831, 5-6-77)

(6)\*R5 General Residence District. \*

(a) Statement Of Purpose. The R5 general residence district is established to stabilize and protect the essential characteristics of certain medium density residential areas normally located in the inlying as well as some outlying urban parts of the City, and to promote and encourage a suitable environment for residential occupancy.

(b) Permitted Uses. The following uses are permitted in the R5 district:

1. Any use permitted in the R4 district.
2. (R. by Ord. 5907, 7-7-77)
3. Apartment hotels.
4. Fraternity and sorority houses and other similar types of cooperative housing facilities.
5. Lodging houses.
6. Offices for professional persons, provided the zoning lot shall be located not more than one block or six hundred (600) feet, measured by street route, from a heavy traffic route system street, and provided the zoning lot shall be contiguous to a commercial district or across the street from a commercial district, and provided that in no case shall the total area of such offices exceed three thousand (3,000) square feet, and further provided that such offices shall be located in a residential building and shall maintain the general appearance of a residential building on the exterior thereof, and further provided that there shall be displayed only a single identification sign not to exceed six (6) square feet in area and indicating only the name and address of the building and the names of the professional offices therein, except that on a corner zoning lot two (2) such signs, one facing each street, shall be permitted. (Am. by Ord. 5249, 12-24-75)

(c) Conditional Uses. The following conditional uses may be allowed in the R5 district subject to the provisions of Section 28.12(10).

1. Any use allowed as a conditional use in the R4 district unless permitted in (b) above. (Am. by Ord. 4650, 8-2-74)
2. Any development of parcels adjacent to landmarks, landmark sites or historic districts designated by the Landmarks Commission, provided that the use of the parcel is either a permitted or conditional use allowed in the R5 District. (Am. by Ord. 7181, 12-29-80)
3. Colleges and universities, but not including business colleges or trade schools.
4. Institutions for the aged and for children.
5. Offices of health, medical and welfare institutions qualifying as nonprofit institutions under the laws of the State of Wisconsin, provided that the activities of such institutions shall be conducted predominantly by mail.
6. Any building built with zero side yards in the R5 zero side yard area described in 28.08(6)(f)2.f.
7. Any development of a through lot. (Cr. by Ord. 4215, 5-15-73)
8. (Reserved For Future Use.)

- 9. Multiple-family dwellings. (Cr. by Ord. 5907, 7-7-77)
- 10. Offices for insurance or real estate organizations provided that the zoning lot shall be located on an arterial or collector street with a right-of-way not less than eighty (80) feet and further provided that in no case shall the total floor area exceed three thousand (3,000) square feet, and further provided that the building was designed and intended for nonresidential occupancy. (Cr. by Ord. 5922, 7-29-77)

(d) Lot Area Requirements. In the R5 district, lot areas shall be provided in accordance with the following requirements.

1. Dwelling units.

<u>Minimum Lot Area Per Dwelling Unit</u>	<u>Type of Dwelling Unit</u>
700 square feet	Efficiency
1,000 square feet	One bedroom
1,300 square feet	Two bedroom

plus an additional three hundred (300) square feet of lot area for each additional bedroom in excess of two (2) in a dwelling unit.

2. Lodging rooms--minimum lot area of four hundred (400) square feet per lodging room.

(e) Height Regulations. In the R5 district, no building or structure shall exceed three (3) stories nor forty (40) feet in height.

(f) Yard Requirements.

1. Front Yard. Not less than twenty (20) feet, provided that any building built with zero side yards shall be varied in front setback distance from abutting buildings by not less than five (5) feet.

2. Side Yards. (For zero side yards, see 2.f. below)

a. Buildings not exceeding three (3) stories in height:

- i. One story buildings--a least side yard of five (5) feet and a combined total of both side yards of twelve (12) feet.
- ii. Two story buildings--a least side yard of six (6) feet and a combined total of both side yards of fifteen (15) feet.
- iii. Three story buildings--a least side yard of eight (8) feet and a combined total of both side yards of twenty (20) feet.

b. Buildings exceeding three stories in height (applies to existing buildings or new residential buildings in commercial districts): Each side yard shall be eleven (11) feet or thirty percent (30%) of the building height, whichever is greater.

c. On any zoning lot with a lot width of less than fifty (50) feet, for each foot by which the side walls of a building exceed fifty (50) feet (as projected at right angles to the side lot line), the required side yard width shall be increased one and one-half (1 1/2) inches. Such increased width shall apply to the entire length of the side yard.

d. On any zoning lot with a lot width of fifty (50) feet or more, for each foot by which the side walls of a building exceed sixty-six (66) feet (as projected at right angles to the side lot line), the required side yard width shall be increased one and one-half (1 1/2) inches. Such increased width shall apply to the entire length of the side yard.

- e. Reversed corner lot--ten (10) feet or thirty percent (30%) of the building height, whichever is greater, but not more than twenty (20) feet for side yard adjoining street.
  - f. Zero Side Yards. As a conditional use the Plan Commission may permit buildings to be constructed with zero side yards in those R5 districts within the R5 zero side yard area which is bounded on the west by Highland Avenue and its northward extension to Lake Mendota, Forest Hill Cemetery, Sheldon Street and its southward extension to Lake Wingra; on the south by Lake Wingra, Murphy's Creek and Lake Monona; on the east by the west branch of Starkweather Creek, the East Side Connector, Aberg Avenue and the City limits; and on the north by Lake Mendota; except that on corner lots there shall be provided no less than ten (10) feet street side yards.
3. Rear Yard.
- a. For Buildings With Side Yards. Thirty (30) feet or fifty-five percent (55%) of the building height, whichever is greater.
  - b. For Buildings With Zero Side Yards. The rear yard is to be usable open space not less than thirty-five (35) feet in depth with no portion of such yard used either as a driveway or as a parking area and no motor vehicle of any kind, except emergency, may be driven or parked in such rear yard. Any fence provided in a rear yard shall be provided with as many gates as are required to permit firemen access from all side and rear lot lines.
- (g) Usable Open Space. In the R5 district there shall be provided a usable open space of not less than one hundred sixty (160) square feet for each lodging room, efficiency unit or one bedroom unit, plus an additional one hundred sixty (160) square feet for each additional bedroom in excess of one in a dwelling unit. For buildings built with zero side yards the entire rear yard shall be usable open space.
- (h) (R. by Ord. 5831, 5-6-77)
- (i) Off-Street Parking And Loading.
- 1. For Buildings With Side Yards. Parking shall be provided according to regulations in Section 28.11. No parking will be permitted in the required front or street side yards.
  - 2. For Buildings With Zero Side Yards. Enclosed off-street parking and loading facilities may be located only inside principal buildings and access to such enclosed facilities may be taken only from the front yard or, in the case of a corner lot, the side yard adjoining the street. No vehicular access shall be permitted either to or from the rear yard at such enclosed facility. Unenclosed off-street parking and loading facilities for new buildings shall be located in required front yards or side yards adjoining public streets with screening provided as follows:
    - a. Such screening shall be provided continuously along all sides of any parking area not adjoined by a building or not required as a driveway opening.

- b. Such screening shall be constructed of the same masonry material as that which is predominant in the front elevation of the building, unless otherwise approved by the City Department of Planning and Development. (Am. by Ord. 6616, Adopted 4-24-79)
- c. Such screening shall be built with at least seventy-five percent (75%) opacity, that is seventy-five percent (75%) opaque surfaces to a maximum twenty-five percent (25%) openings as viewed in elevation.
- d. Such screening shall be built no less than four (4) feet high along all sides of parking areas, except that it shall be reduced to a height of two (2) feet for vision clearance within ten (10) feet of a driveway crossing a lot line.

(Sec. 28.08(6)(i)2. Am. by Ord. 6479, 1-26-79)

(7) R6 General Residence District.

(a) Statement Of Purpose. The R6 general residence district is established to stabilize and protect the essential characteristics of certain of the highest density residential areas normally located in the central part of the City, and to promote and encourage, insofar as compatible with the intensity of land uses, a suitable environment for a predominantly adult population, and in those central areas located in close proximity to the central campus of the University of Wisconsin, to promote and encourage a suitable environment for student housing facilities.

(b) Permitted Uses. The following uses are permitted in the R6 district:

1. Single and two family dwellings.
2. Offices, business and professional in a building where the principal use is residential, provided that in no case shall the total floor area devoted to such use exceed one thousand five hundred (1,500) square feet.
3. Community living arrangements provided such facilities meet the conditions of Section 28.08(4)(b)3. (Cr. by Ord. 5636, 11-3-76)
4. Educational, recreational, and offices used as follows, provided such uses are located in school buildings or buildings which are owned by or under the jurisdiction of the Madison Metropolitan School District or the City of Madison and further provided the City Assistant Director for Project Development shall first receive a written report and recommendations from the City Department of Transportation regarding the traffic and parking impact with recommendations for either resolving adverse impacts prior to occupancy or not allowing such occupancy:
  - a. Nursery schools or day care centers.
  - b. Elementary and secondary schools.
  - c. Business or trade schools.
  - d. Colleges and universities.
  - e. Other public educational facilities.
  - f. Music and dance schools.
  - g. Recreational buildings and community centers, nonprofit.
  - h. Offices for State, County, City, Village, Town or other taxing municipality.

APPENDIX B

CERTIFIED HISTORIC LANDMARK DESIGNATION -  
SPECIFICATIONS AND IMPLICATIONS

IMPLICATIONS OF THE ECONOMIC RECOVERY TAX ACT OF 1981  
ON REHABILITATIONS OF HISTORIC STRUCTURES

Since the City Market Place is listed in the National Register of Historic Places, restoration of it may qualify for beneficial tax treatment under the Economic Recovery Tax Act of 1981 (Public Law 97-34), also known as ERTA.

INCENTIVES FOR REHABILITATION

ERTA established a three level investment tax credit for qualified rehabilitations of older buildings. The investment tax credits for substantially rehabilitated buildings are as follows:

<u>Building Age or Designation</u>	<u>Investment Tax Credit</u>
At least thirty years old	15%
At least forty years old	20%
Certified Historic Structures	25%

The 15 and 20 percent credits are limited to non-residential industrial and commercial buildings used for income producing purposes but the 25 percent credit for certified historic rehabilitation is available to both depreciable non-residential and residential buildings.

Qualifying expenditures for the investment tax credit must be for rehabilitation and do not include acquisition costs, expenditures attributable to enlarging an existing building, or costs for new construction on the site. Also, there must be a substantial rehabilitation of the building, meaning that the

rehabilitation expenditures must exceed the greater of the taxpayer's adjusted basis in the property or \$5,000, within a 24-month period. Projects spanning over 24 months that will be completed in phases may use expenditures incurred over a 60-month period only if architectural plans and specifications for the total phased project are completed prior to the onset of rehabilitation.

The rehabilitation must be certified by the Secretary of the Interior in order to qualify for the credit. This procedure is handled by submitting Part 2 of the Historic Preservation Certification Application to the State Historic Preservation Office (connected with the State Historical Society in Wisconsin). This may be filed anytime during the course of the rehabilitation work but it is recommended that this office be brought in early in the planning stages to help insure compliance with the "Standards for Rehabilitation" set by the Secretary of the Interior. These standards are intended to prevent the destruction of a rehabilitated structure's historical and architectural integrity. The State Historic Preservation Office reviews the application, and forwards it with recommendations, to the appropriate National Park Service Office for review and evaluation. Final certification cannot be given until the rehabilitation is complete. (See additional information in this Appendix for further details.)

In order to qualify for the Investment Tax Credit, a straight-line method of depreciation must be used with either a 15, 35 or 45-year recovery period. Because the Investment Tax Credit can be used only with straight-line cost recovery, there is no recapture upon sale due to recovery deductions. However, if the property is not held at least five years, there is recapture of the tax credit on the following scale:

held up to 1 year	100% of Investment Tax Credit
held up to 2 years	80% of Investment Tax Credit
held up to 3 years	60% of Investment Tax Credit
held up to 4 years	40% of Investment Tax Credit
held up to 5 years	20% of Investment Tax Credit

#### DISINCENTIVES FOR DEMOLITION

If the building were to be demolished, the owner would be prohibited from deducting costs incurred for demolition and any losses sustained because of its demolition. Demolition expenses and losses must be added to the cost of the land and capitalized, prohibiting their recovery through depreciation methods, rather than being deducted as a loss in the year of demolition. Further, the City of Madison Landmarks Commission has jurisdiction over the City Market Place and before a permit will be granted to demolish all or any part of a landmark or improvement in an Historic District, the Landmarks Commission must grant a "Certificate of Appropriateness". The Landmarks Commission has power to suspend action on a Certificate of Appropriateness for up to one year, thus causing considerable

potential delay. Should the Landmarks Commission deny the demolition request, appeal is possible before the Common Council. See further portions of this Appendix for further details explaining the procedures and evidencing the power of the Landmarks Commission.

Another problem resulting from demolition of the City Market Place would be less land area available for new construction due to the applicability of present zoning ordinances which would then take effect. Once the City Market Place is gone, the property would lose the benefit of the grandfather clause now permitting reduced setbacks, and so on.

Thus, the Economic Recovery Tax Act of 1981 has provided substantial incentives for rehabilitation of older buildings which can be evidenced in the scenarios involving rehabilitation of the City Market Place.

U.S. Department  
of the Interior

Heritage Conservation  
and Recreation Service

The Secretary of the Interior's

STANDARDS FOR  
REHABILITATION

and Guidelines for  
Rehabilitating Historic Buildings

"Rehabilitation means the process of returning a property to a state of utility, through repair or alteration, which makes possible an efficient contemporary use while preserving those portions and features of the property which are significant to its historic, architectural, and cultural values."

The following "Standards for Rehabilitation" shall be used by the Secretary of the Interior when determining if a rehabilitation project qualifies as "certified rehabilitation" pursuant to the Tax Reform Act of 1976 and the Revenue Act of 1978. These standards are a section of the Secretary's "Standards for Historic Preservation Projects" and appear in Title 36 of the Code of Federal Regulations, Part 1208 (formerly 36 CFR Part 67).

1. Every reasonable effort shall be made to provide a compatible use for a property which requires minimal alteration of the building, structure, or site and its environment, or to use a property for its originally intended purpose.
2. The distinguishing original qualities or character of a building, structure, or site and its environment shall not be destroyed. The removal or alteration of any historic material or distinctive architectural features should be avoided when possible.
3. All buildings, structures, and sites shall be recognized as products of their own time. Alterations that have no historical basis and which seek to create an earlier appearance shall be discouraged.
4. Changes which may have taken place in the course of time are evidence of the history and development of a building, structure, or site and its environment. These changes may have acquired significance in their own right, and this significance shall be recognized and respected.
5. Distinctive stylistic features or examples of skilled craftsmanship which characterize a building, structure, or site shall be treated with sensitivity.
6. Deteriorated architectural features shall be repaired rather than replaced, wherever possible. In the event replacement is necessary, the new material should match the material being replaced in composition, design, color, texture, and other visual qualities. Repair or replacement of missing architectural features should be based on accurate duplications of features, substantiated by historic, physical, or pictorial evidence rather than on conjectural designs or the availability of different architectural elements from other buildings or structures.

7. The surface cleaning of structures shall be undertaken with the gentlest means possible. Sandblasting and other cleaning methods that will damage the historic building materials shall not be undertaken.
8. Every reasonable effort shall be made to protect and preserve archeological resources affected by, or adjacent to any project.
9. Contemporary design for alterations and additions to existing properties shall not be discouraged when such alterations and additions do not destroy significant historical, architectural or cultural material, and such design is compatible with the size, scale, color, material, and character of the property, neighborhood or environment.
10. Wherever possible, new additions or alterations to structures shall be done in such a manner that if such additions or alterations were to be removed in the future, the essential form and integrity of the structure would be unimpaired.

#### GUIDELINES FOR APPLYING THE SECRETARY OF THE INTERIOR'S STANDARDS FOR REHABILITATION

The following guidelines are designed to help individual property owners formulate plans for the rehabilitation, preservation, and continued use of historic buildings consistent with the intent of the Secretary of the Interior's "Standards for Rehabilitation." The guidelines pertain to buildings of all occupancy and construction types, sizes, and materials. They apply to permanent and temporary construction on the exterior and interior of historic buildings as well as new attached or adjacent construction.

Techniques, treatments, and methods consistent with the Secretary's "Standards for Rehabilitation" are listed in the "recommended" column on the left. Not all recommendations listed under a treatment will apply to each project proposal. Rehabilitation approaches, materials, and methods which may adversely affect a building's architectural and historic qualities are listed in the "not recommended" column on the right. Every effort will be made to update and expand the guidelines as additional techniques and treatments become known.

Specific information on rehabilitation and preservation technology may be obtained by writing to the Technical Preservation Services Division, Heritage Conservation and Recreation Service, U.S. Department of the Interior, Washington, D.C. 20243, or the appropriate State Historic Preservation Officer. Advice should also be sought from qualified professionals, including architects, architectural historians, and archeologists skilled in the preservation, restoration, and rehabilitation of old buildings.

THE ENVIRONMENT

Recommended

Retaining distinctive features such as the size, scale, mass, color, and materials of buildings, including roofs, porches, and stairways that give a neighborhood its distinguishing character.

Retaining landscape features such as parks, gardens, street lights, signs, benches, walkways, streets, alleys and building setbacks that have traditionally linked buildings to their environment.

Using new plant materials, fencing, walkways, street lights, signs, and benches that are compatible with the character of the neighborhood in size, scale, material and color.

Not Recommended

Introducing new construction into neighborhoods that is incompatible with the character of the district because of size, scale, color, and materials.

Destroying the relationship of buildings and their environment by widening existing streets, changing paving material, or by introducing inappropriately located new streets and parking lots that are incompatible with the character of the neighborhood.

Introducing signs, street lighting, benches, new plant materials, fencing, walkways and paving materials that are out of scale or are inappropriate to the neighborhood.

BUILDING SITE

Recommended

Identifying plants, trees, fencing, walkways, outbuildings, and other elements that might be an important part of the property's history and development.

Retaining plants, trees, fencing, walkways, street lights, signs, and benches that reflect the property's history and development.

Basing decisions for new site work on actual knowledge of the past appearance of the property found in photographs, drawings, newspapers, and tax records. If changes are made they should be carefully evaluated in light of the past appearance of the site.

Not Recommended

Making changes to the appearance of the site by removing old plants, trees, fencing, walkways, outbuildings, and other elements before evaluating their importance in the property's history and development.

Leaving plant materials and trees in close proximity to the building that may be causing deterioration of the historic fabric.

BUILDING SITE--continued

Recommended

Providing proper site and roof drainage to assure that water does not splash against building or foundation walls, nor drain toward the building.

Archeological features

Recommended

Leaving known archeological resources intact.

Minimizing disturbance of terrain around the structure, thus reducing the possibility of destroying unknown archeological resources.

Arranging for an archeological survey of all terrain that must be disturbed during the rehabilitation program. The survey should be conducted by a professional archeologist.

Not Recommended

Installing inderground utilities, pavements, and other modern features that disturb archeological resources.

Introducing heavy machinery or equipment into areas where their presence may disturb archeological resources.

BUILDING: STRUCTURAL SYSTEMS

Recommended

Recognizing the special problems inherent in the structural systems of historic buildings, especially where there are visible signs of cracking, deflection, or failure.

Undertaking stabilization and repair of weakened structural members and systems.

Replacing historically important structural members only when necessary. Supplementing existing structural systems when damaged or inadequate.

Not Recommended

Disturbing existing foundations with new excavations that undermine the structural stability of the building.

Leaving known structural problems untreated that will cause continuing deterioration and will shorten the life of the structure.

BUILDING: EXTERIOR FEATURES--continued

Masonry: Adobe, brick, stone, terra cotta, concrete, stucco and mortar

Recommended \*

Retaining original masonry and mortar, whenever possible, without the application of any surface treatment.

Repointing only those mortar joints where there is evidence of moisture problems or when sufficient mortar is missing to allow water to stand in the mortar joint.

Duplicating old mortar in composition, color, and texture.

Duplicating old mortar in joint size, method of application, and joint profile.

Repairing stucco with a stucco mixture that duplicates the original as closely as possible in appearance and texture.

Cleaning masonry only when necessary to halt deterioration or to remove graffiti and stains and always with the gentlest method possible, such as low pressure water and soft natural bristle brushes.

Not Recommended

Applying waterproof or water repellent coatings or surface consolidation treatments unless required to solve a specific technical problem that has been studied and identified. Coatings are frequently unnecessary, expensive, and can accelerate deterioration of the masonry.

Repointing mortar joints that do not need repointing. Using electric saws and hammers to remove mortar can seriously damage the adjacent brick.

Repointing with mortar of high Portland cement content can often create a bond that is stronger than the building material. This can cause deterioration as a result of the differing coefficient of expansion and the differing porosity of the material and the mortar.

Repointing with mortar joints of a differing size or joint profile, texture or color.

Sandblasting, including dry and wet grit and other abrasives, brick or stone surfaces; this method of cleaning erodes the surface of the material and accelerates deterioration. Using chemical cleaning products that would have an adverse chemical reaction with the masonry materials, i.e., acid on limestone or marble.

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\* For more information consult Preservation Briefs: 1: "The Cleaning and Waterproof Coating of Masonry Buildings" and Preservation Briefs: 2: "Repointing Mortar Joints in Historic Brick Buildings" (Washington, D.C.: Heritage Conservation and Recreation Service, 1975 and 1976). Both are available from the Government Printing Office or State Historic Preservation Officers.

BUILDING: EXTERIOR FEATURES--continued

Masonry: Adobe, brick, stone, terra cotta, concrete, stucco and mortar

Recommended

Repairing or replacing, where necessary, deteriorated material with new material that duplicates the old as closely as possible.

Replacing missing significant architectural features, such as cornices, brackets, railings, and shutters.

Retaining the original or early color and texture of masonry surfaces, including early signage wherever possible. Brick or stone surfaces may have been painted or whitewashed for practical and aesthetic reasons.

Not Recommended

Applying new material which is inappropriate or was unavailable when the building was constructed, such as artificial brick siding, artificial cast stone or brick veneer.

Removing architectural features such as cornices, brackets, railings, shutters, window architraves, and doorway pediments.

Removing paint from masonry surfaces indiscriminately. This may subject the building to damage and change its appearance.

Wood: Clapboard, weatherboard, shingles and other wooden siding

Recommended

Retaining and preserving significant architectural features, wherever possible.

Repairing or replacing, where necessary, deteriorated material that duplicates in size, shape, and texture the old as closely as possible.

Not Recommended

Removing architectural features such as siding, cornices, brackets, window architraves, and doorway pediments. These are, in most cases, an essential part of a building's character and appearance that illustrate the continuity of growth and change.

Resurfacing frame buildings with new material that is inappropriate or was unavailable when the building was constructed such as artificial stone, brick veneer, asbestos or asphalt shingles, and plastic or aluminum siding. Such material can also contribute to the deterioration of the structure from moisture and insects.

Architectural Metals: Cast iron, steel, pressed tin, aluminum and zinc

Recommended

Retaining original material, whenever possible.

Not Recommended

Removing architectural features that are an essential part of a building's character and appearance, illustrating the continuity of growth and change.

BUILDING: EXTERIOR FEATURES--continued

Architectural Metals: Cast iron, steel, pressed tin, aluminum and zinc

Recommended

Cleaning when necessary with the appropriate method. Metals should be cleaned by methods that do not abrade the surface.

Not Recommended

Exposing metals which were intended to be protected from the environment. Do not use cleaning methods which alter the color, texture, and tone of the metal.

Roofs and Roofing

Recommended

Preserving the original roof shape.

Not Recommended

Changing the essential character of the roof by adding inappropriate features such as dormer windows, vents, or skylights.

Retaining the original roofing material, whenever possible.

Applying new roofing material that is inappropriate to the style and period of the building and neighborhood.

Providing adequate roof drainage and insuring that the roofing materials provide a weathertight covering for the structure.

Replacing deteriorated roof coverings with new material that matches the old in composition, size, shape, color, and texture.

Replacing deteriorated roof coverings with new materials that differ to such an extent from the old in composition, size, shape, color, and texture that the appearance of the building is altered.

Preserving or replacing where necessary, all architectural features that give the roof its essential character, such as dormer windows, cupolas, cornices, brackets, chimneys, cresting, and weather vanes.

Stripping the roof of architectural features important to its character.

Windows and Doors

Recommended\*

Retaining and repairing window and door openings, frames, sash, glass, doors, lintels, sills, pediments, architraves, hardware, awnings and shutters where they contribute to the architectural and historic character of the building.

Not Recommended

Introducing or changing the location or size of windows, doors, and other openings that alter the architectural and historic character of the building.

BUILDING: EXTERIOR FEATURES--continued

Windows and Doors

Recommended\*

Improving the thermal performance of existing windows and doors through adding or replacing weatherstripping and adding storm windows and doors which are compatible with the character of the building and which do not damage window or door frames.

Replacing missing or irreparable windows on significant facades with new windows that match the original in material, size, general muntin and mullion proportion and configuration, and reflective qualities of the glass.

Not Recommended

Replacing window and door features on significant facades with historically and architecturally incompatible materials such as anodized aluminum, mirrored or tinted glass.

Removing window and door features that can be repaired where such features contribute to the historic and architectural character of the building.

Changing the size or arrangement of window panes, muntins, and rails where they contribute to the architectural and historic character of the building.

Installing on significant facades shutters, screens, blinds, security grills, and awnings which are historically inappropriate and which detract from the character of the building.

Installing new exterior storm windows and doors which are inappropriate in size or color, which are inoperable, or which require removal of original windows and doors.

Installing interior storm windows that allow moisture to accumulate and damage the window.

Replacing sash which contribute to the character of a building with those that are incompatible in size, configuration, and reflective qualities or which alter the setback relationship between window and wall.

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\*For more information consult Preservation Briefs: 3: "Conserving Energy in Historic Buildings" (Washington, D.C. Heritage Conservation and Recreation Service, 1978). It is available from the Government Printing Office or State Historic Preservation Officers.

Windows and Doors

Recommended

Not Recommended

Installing heating/air conditioning units in the window frames when the sash and frames may be damaged. Window installations should be considered only when all other viable heating/cooling systems would result in significant damage to historic materials.

Storefronts

Recommended

Not Recommended

Retaining and repairing existing storefronts including windows, sash, doors, transoms, signage, and decorative features where such features contribute to the architectural and historic character of the building.

Where original or early storefronts no longer exist or are too deteriorated to save, retaining the commercial character of the building through 1) contemporary design which is compatible with the scale, design, materials, color, and texture of the historic buildings; or 2) an accurate restoration of the storefront based on historical research and physical evidence.

Introducing a storefront or new design element on the ground floor, such as an arcade, which alters the architectural and historic character of the building and its relationship with the street or its setting or which causes destruction of significant historic fabric.

Using materials which detract from the historic or architectural character of the building, such as mirrored glass.

Altering the entrance through a significant storefront.

Entrances, porches, and steps

Recommended

Not Recommended

Retaining porches and steps that are appropriate to the building and its development. Porches or additions reflecting later architectural styles are often important to the building's historical integrity and, wherever possible, should be retained.

Removing or altering porches and steps that are appropriate to the building's development and style.

BUILDING: EXTERIOR FEATURES--continued

Entrances, porches, and steps

Recommended

Repairing or replacing, where necessary, deteriorated architectural features of wood, iron, cast iron, terra cotta, tile, and brick.

Not Recommended

Stripping porches and steps or original material and architectural features, such as hand rails, balusters, columns, brackets, and roof decoration of wood, iron, cast iron, terra cotta, tile and brick.

Enclosing porches and steps in a manner that destroys their intended appearance.

Exterior Finishes

Recommended

Discovering the historic paint colors and finishes of the structure and repainting with those colors to illustrate the distinctive character of the property.

Not Recommended

Removing paint and finishes down to the bare surface; strong paint strippers whether chemical or mechanical can permanently damage the surface. Also, stripping obliterates evidence of the historical paint finishes.

Repainting with colors that cannot be documented through research and investigation to be appropriate to the building and neighborhood.

BUILDING: INTERIOR FEATURES

Recommended

Retaining original material, architectural features, and hardware, whenever possible, such as stairs, elevators, hand rails, balusters, ornamental columns, cornices, baseboards, doors, doorways, windows, mantel pieces, paneling, lighting fixtures, parquet or mosaic flooring.

Repairing or replacing, where necessary, deteriorated material with new material that duplicates the old as closely as possible.

Not Recommended

Removing original material, architectural features, and hardware, except where essential for safety or efficiency.

Replacing interior doors and transoms without investigating alternative fire protection measures or possible code variances.

Installing new decorative material and paneling which destroys significant architectural features or was unavailable when the building was constructed, such as vinyl plastic or imitation wood wall and floor coverings, except in utility areas such as bathrooms and kitchens.

BUILDING: INTERIOR FEATURES--continued

Recommended

Retaining original plaster, whenever possible.

Discovering and retaining original paint colors, wallpapers and other decorative motifs or, where necessary, replacing them with colors, wallpapers or decorative motifs based on the original.

Where required by code, enclosing an important interior stairway in such a way as to retain its character. In many cases glazed fire rated walls may be used.

Retaining the basic plan of a building, the relationship and size of rooms, corridors, and other spaces.

Not Recommended

Removing plaster to expose brick to give the wall an appearance it never had.

Changing the texture and patina of exposed wooden architectural features (including structural members) and masonry surfaces through sandblasting or use of other abrasive techniques to remove paint, discoloration and plaster, except in certain industrial or warehouse buildings where the interior masonry or plaster surfaces do not have significant design, detailing, tooling, or finish; and where wooden architectural features are not finished, molded, beaded, or worked by hand.

Enclosing important stairways with ordinary fire rated construction which destroys the architectural character of the stair and the space.

Altering the basic plan of a building by demolishing principal walls, partitions, and stairways.

NEW CONSTRUCTION

Recommended

Keeping new additions and adjacent new construction to a minimum, making them compatible in scale, building materials, and texture.

Designing new work to be compatible in materials, size, color, and texture with the earlier building and the neighborhood.

Not Recommended

Designing new work which is incompatible with the earlier building and the neighborhood in materials, size, scale, and texture.

NEW CONSTRUCTION--continued

Recommended

Using contemporary designs compatible with the character and mood of the building or the neighborhood.

Protecting architectural details and features that contribute to the character of the building.

Placing television antennae and mechanical equipment, such as air conditioners, in an inconspicuous location.

Not Recommended

Imitating an earlier style or period of architecture in new additions, except in rare cases where a contemporary design would detract from the architectural unity of an ensemble or group. Especially avoid imitating an earlier style of architecture in new additions that have a completely contemporary function such as a drive-in bank or garage.

Adding new height to the building that changes the scale and character of the building. Additions in height should not be visible when viewing the principal facades.

Adding new floors or removing existing floors that destroy important architectural details, features and spaces of the building.

Placing television antennae and mechanical equipment, such as air conditioners, where they can be seen from the street.

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MECHANICAL SYSTEMS: HEATING, AIR CONDITIONING, ELECTRICAL, PLUMBING,  
FIRE PROTECTION

Recommended

Installing necessary mechanical systems in areas and spaces that will require the least possible alteration to the structural integrity and physical appearance of the building.

Utilizing early mechanical systems, including plumbing and early lighting fixtures, where possible.

Not Recommended

Causing unnecessary damage to the plan, materials, and appearance of the building when installing mechanical systems.

Attaching exterior electrical and telephone cables to the principal elevations of the building.

MECHANICAL SYSTEMS: HEATING, AIR CONDITIONING, ELECTRICAL, PLUMBING,  
FIRE PROTECTION--continued

Recommended

Installing the vertical runs of ducts, pipes, and cables in closets, service rooms, and wall cavities.

Insuring adequate ventilation of attics, crawlspaces, and cellars to prevent moisture problems.

Installing thermal insulation in attics and in unheated cellars and crawlspaces to conserve energy.

Not Recommended

Installing vertical runs of ducts, pipes, and cables in places where they will be a visual intrusion.

Concealing or "making invisible" mechanical equipment in historic walls or ceilings. Frequently this concealment requires the removal of historic fabric.

Installing "dropped" acoustical ceilings to hide mechanical equipment. This destroys the proportions and character of the rooms.

Installing foam, glass fiber, or cellulose insulation into wall cavities of either wooden or masonry construction. This has been found to cause moisture problems when there is no adequate moisture barrier.

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SAFETY AND CODE REQUIREMENTS

Recommended

Complying with code requirements in such a manner that the essential character of a building is preserved intact.

Working with local code officials to investigate alternative life safety measures that preserve the architectural integrity of the building.

Investigating variances for historic properties allowed under some local codes.

Not Recommended

SAFETY AND CODE REQUIREMENTS--continued

Recommended

Installing adequate fire prevention equipment in a manner that does minimal damage to the appearance or fabric of a property.

Adding new stairways and elevators that do not alter existing exit facilities or other important architectural features and spaces of the building.

Not Recommended

Adding new stairways and elevators that alter existing exit facilities or important architectural features and spaces of the building.

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Heritage Conservation and Recreation Service  
U.S. Department of the Interior  
Washington, D.C. 20243

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CHAPTER 33

COMMISSIONS

Section

33.01 Landmarks Commission.

33.02 Urban Design Commission.

33.01 LANDMARKS COMMISSION.

(1) Purpose And Intent. It is hereby declared a matter of public policy that the protection, enhancement, perpetuation and use of improvements of special character or special historical interest or value is a public necessity and is required in the interest of health, prosperity, safety and welfare of the people. The purpose of this section is to:

- (a) Effect and accomplish the protection, enhancement and perpetuation of such improvements and of districts which represent or reflect elements of the City's cultural, social, economic, political and architectural history.
- (b) Safeguard the City's historic and cultural heritage, as embodied and reflected in such landmarks and historic districts.
- (c) Stabilize and improve property values.
- (d) Foster civic pride in the beauty and noble accomplishments of the past.
- (e) Protect and enhance the City's attractions to residents, tourists and visitors, and serve as a support and stimulus to business and industry.
- (f) Strengthen the economy of the City.
- (g) Promote the use of historic districts and landmarks for the education, pleasure and welfare of the people of the City.

(2) Definitions. In this section, unless the context clearly requires otherwise:

Commission means the landmarks preservation commission created under this section.

Historic district is an area designated by the commission with the consent of the Common Council which contains one or more landmarks or landmark sites, as well as those abutting improvement parcels which the commission determines should fall under the provisions of this section to assure that their appearance and development is harmonious with such landmarks or landmark sites.

Improvement means any building, structure, place, work of art or other object constituting a physical betterment of real property, or any part of such betterment.

Improvement parcel is the unit of property which includes a physical betterment constituting an improvement and the land embracing the site thereof, and is treated as a single entity for the purpose of levying real estate taxes. Provided, however that the term "improvement parcel" shall also include any unimproved area of land which is treated as a single entity for such tax purposes.

Landmark means any improvement which has a special character or special historic interest or value as part of the development, heritage or cultural characteristics of the City, state or nation and which has been designated as a landmark pursuant to the provisions of this chapter.

Landmark site means any parcel of land of historic significance due to a substantial value in tracing the history of aboriginal man, or upon which an historic event has occurred, and which has been designated as a landmark site under this section, or an improvement parcel, or part thereof, on which is situated a landmark and any abutting improvement parcel, or part thereof, used as and constituting part of the premises on which the landmark is situated.

Visually related area for a corner parcel shall be defined as the area described by a circle drawn on a two hundred (200) foot radius, the center being the center of the corner parcel, i.e. the intersection of diagonals from the principal corners of that parcel.

Visually related area for a parcel within a block (not a corner parcel) shall be defined as the area described by a one hundred (100) foot circle drawn from the centerpoint of the streetside (front) lot line.

Zoned for Manufacturing Use shall be defined as the application of zoning categories M1 and/or M2 to an improvement parcel regardless of current use.

Zoned for Commercial Use shall be defined as the application of zoning categories C1, C2, C3, C3L and/or C4 to an improvement parcel regardless of current use.

Zoned for Residential Use shall be defined as the application of zoning categories R1, R2, R3, R4, R4A, R5, R6, OR, PCD, PUD and/or RS to an improvement parcel regardless of current use.

(Sec. 33.01(2) Am. by Ord. 6470, 1-9-79)

- (3) Landmarks Commission Composition And Terms. A Landmarks Commission is hereby created, consisting of seven (7) members. Of the membership, one shall be a registered architect; one shall be an historian qualified in the field of historic preservation; one shall be a licensed real estate broker; one shall be an alderman; and three shall be citizen members. Each member shall have, to the highest extent practicable, a known interest in landmarks preservation. The Mayor shall appoint the commissioners subject to confirmation by the Common Council. Of the initial members so appointed, two shall serve a term of one year, two shall serve a term of two years, and three shall serve a term of three years. Thereafter the term for each member shall be three years.

- (4) Landmarks And Landmark Sites Designation Criteria.

(a) For purposes of this ordinance, a landmark or landmark site designation may be placed on any site, natural or improved, including any building, improvement or structure located thereon, or any area of particular historic, architectural or cultural significance to the City of Madison, such as historic structures or sites which:

1. Exemplify or reflect the broad cultural, political, economic or social history of the nation, state or community; or
2. Are identified with historic personages or with important events in national, state or local history; or
3. Embody the distinguishing characteristics of an architectural type specimen, inherently valuable for a study of a period, style, method of construction, or of indigenous materials or craftsmanship or
4. Are representative of the notable work of a master builder, designer or architect whose individual genius influences his age.

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Sec. 33.01(4)(b)

(b) The commission may adopt specific operating guidelines for landmark and landmark site designation providing such are in conformance with the provisions of this paragraph.

(5) Powers And Duties.

(a) Designation. The commission shall have the power subject to subsection (6) hereunder, to designate landmarks, landmark sites and historic districts within the City limits of Madison. Such designations shall be made based upon subsection (4) hereof. Once designated by the commission, such landmarks, landmark sites and historic districts shall be subject to all the provisions of this ordinance.

(b) Regulation Of Construction, Reconstruction and Exterior Alteration.

1. Any application for a permit from the Assistant Director for Development Assistance involving the exterior of a designated landmark, landmark site or structure within an Historic District shall be filed with the landmarks Commission. (Am. by Ord. 7060, 8-7-80)
2. No owner or person in charge of a landmark, landmark site or structure within an Historic District shall reconstruct or alter all or any part of the exterior of such property or construct any improvement upon such designated property or properties within an Historic District or cause or permit any such work to be performed upon such property unless a Certificate of Appropriateness has been granted by the Landmarks Commission. Unless such certificate has been granted by the commission, the Assistant Director for Development Assistance shall not issue a permit for any such work. (Am. by Ord. 7060, 8-7-80)
3. Upon filing of any application with the landmarks Commission, the Landmarks Commission shall determine:
  - a. Whether, in the case of a designated landmark or landmark site, the proposed work would detrimentally change, destroy or adversely affect any exterior architectural feature of the improvement upon which said work is to be done; and
  - b. Whether, in the case of the construction of a new improvement upon a landmark site, the exterior of such improvement would adversely affect or not harmonize with the external appearance of other neighboring improvements on such site; and
  - c. Whether, in the case of any property located in an Historic District designated pursuant to the terms of Subsection (6)(d) hereunder, the proposed construction, reconstruction or exterior alteration does not conform to the objectives and design criteria of the historic preservation plan for said district as duly adopted by the Common Council.

Sec. 33.01(5)(b)4.

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4. If the commission determines Subparagraphs a., b. and c. of Paragraph 3. above in the negative, it shall issue the Certificate of Appropriateness. Upon the issuance of such certificate, the building permit shall then be issued by the Assistant Director for Development Assistance. The commission shall make this decision within thirty (30) days of the filing of the application. Should the commission fail to issue a Certificate of Appropriateness due to the failure of the proposal to conform to the above guidelines, the applicant may appeal such decision to the Common Council. In addition, if the commission fails to issue a Certificate of Appropriateness, the commission shall, at the request of the applicant, cooperate and work with the applicant in an attempt to obtain a Certificate of Appropriateness within the guidelines of this ordinance. (Am. by Ord. 7060, 8-7-80)

(c) Regulation of Demolition. No permit to demolish all or part of a landmark, or improvement in an Historic District, shall be granted by the Assistant Director for Development Assistance except as follows: (Am. by Ord. 7060, 8-7-80)

1. Scope.

Any application for a permit to demolish all or part of a landmark or improvement in an Historic District shall be filed with the Landmarks Commission. Such application shall be made in all cases, both when demolition is planned as an isolated event and when said demolition is considered in conjunction with a special development plan, a rezoning plan or a conditional use plan. No charge owner or operator of a landmark, or improvement in an Historic district, shall be granted a permit to demolish such property unless a Certificate of Appropriateness therefor has been granted by the Landmarks Commission.

2. Procedure.

Upon receipt of an application for a permit to demolish such property, the Landmarks Commission may grant a Certificate of Appropriateness, refuse to grant such Certificate or suspend action on same for a period not to exceed one (1) year from the date of application for the demolition permit. Failure to issue a Certificate of Appropriateness or to issue a written determination to suspend action on the application within thirty (30) days of the application date shall be deemed a refusal to grant a Certificate of Appropriateness for the demolition, provided that the determination period may be extended an additional thirty (30) days by written stipulation of the applicant and the Landmarks Commission. If the Landmarks Commission determines to suspend action on the application, the Commission and the applicant shall undertake serious and continuing discussions for the purpose of finding a mutually agreeable method of saving the subject property. Furthermore, during this time the owner shall take whatever steps are necessary to prevent further deterioration of the building. At the end of the one-year period the Landmarks Commission shall act on the suspended application by either granting or refusing to grant a Certificate of Appropriateness for the proposed demolition.

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Sec. 33.01(5)(c)3.

3. Standards.

In determining whether to issue a Certificate of Appropriateness for any demolition, the Landmarks Commission shall consider and may give decisive weight to any or all of the following:

- a. Whether the building or structure is of such architectural or historic significance that its demolition would be detrimental to the public interest and contrary to the general welfare of the people of the City and the State;
- b. Whether the building or structure, although not itself a landmark building, contributes to the distinctive architectural or historic character of the District as a whole and therefore should be preserved for the benefit of the people of the City and the State;
- c. Whether demolition of the subject property would be contrary to the purpose and intent of this chapter as set forth in Sec. 33.01 and to the objectives of the historic preservation plan for the applicable district as duly adopted by the Common Council;
- d. Whether the building or structure is of such old and unusual or uncommon design, texture and/or material that it could not be reproduced or be reproduced only with great difficulty and/or expense;
- e. Whether retention of the building or structure would promote the general welfare of the people of the City and the State by encouraging study of American history, architecture and design or by developing an understanding of American culture and heritage;
- f. Whether the building or structure is in such a deteriorated condition that it is not structurally or economically feasible to preserve or restore it, provided that any hardship or difficulty claimed by the owner which is self-created or which is the result of any failure to maintain the property in good repair cannot qualify as a basis for the issuance of a Certificate of Appropriateness;
- g. Whether any new structure proposed to be constructed or change in use proposed to be made is compatible with the buildings and environment of the district in which the subject property is located.

4. Appeal.

An appeal from the decision of the Landmarks Commission to grant or deny a Certificate of Appropriateness, whether this determination is made upon receipt of the application for a demolition permit or at the end of the one-year period in a case where action on the application has been suspended, or to suspend action on a demolition application may be taken to the Common Council by the applicant for the demolition permit or by the Alderman of the district in which the subject building or structure is located. Such appeal shall be initiated by filing a petition to appeal, specifying the grounds therefor, with the City Clerk within ten (10) days of the date the final decision of the Landmarks Commission is made. The City Clerk shall file the petition to appeal with the Common Council. After a public hearing, the Council may by favorable vote of two-thirds (2/3) of its members, reverse or modify the decision of the Landmarks Commission if, after balancing the interest of the public in preserving the subject property and the interest of the owner in using it for his or her own purposes, the Council finds that, owing to special conditions pertaining to the specific piece of property, failure to grant the Certificate of Appropriateness for the proposed demolition will preclude any and all reasonable use of the property and/or will cause serious hardship for the owner, provided that any self-created hardship shall not be a basis for reversal or modification of the Landmark Commission's decision.

(Sec. 33.01(5)(c) Am. by Ord. 7027, 6-27-80)

## COMMISSIONS

Sec. 33.01(5)(d)

- (d) Recognition Of Landmarks And Landmark Sites. At such time as a landmark or landmark site has been properly designated in accordance with subsections (4) and (6) hereof, the commission shall cause to be prepared and erected on such property at City expense, a suitable plaque declaring that such property is a landmark or landmark site. Such plaque shall be so placed as to be easily visible to passing pedestrians. In the case of a landmark, the plaque shall state the accepted name of the landmark, the date of its construction, and other information deemed proper by the commission. In the case of a landmark site which is not the site of a landmark building, such plaque shall state the common name of the site, and such other information deemed appropriate by the commission.
- (e) Sale Of Landmarks And Landmark Sites. Any party who is listed as the owner of record of a landmark site at the time of its designation, who can demonstrate to the commission that by virtue of such designation he is unable to find a buyer willing to preserve such landmark or landmark site, even though he has made reasonable attempts in good faith to find and attract such a buyer, may petition the commission for a rescission of its designation. Following the filing of such petition with the secretary of the commission:
1. The owner and the commission shall work together in good faith to locate a buyer for the subject property who is willing to abide by its designation.
  2. If, at the end of a period not exceeding six (6) months from the date of such petition, no such buyer can be found, and if the owner still desires to obtain such rescission, the commission shall rescind its designation of the subject property.
  3. In the event of such rescission, the commission shall notify the City Clerk, Assistant Director for Development Assistance and the City Assessor of same, and shall cause the same to be recorded, at its own expense, in the office of the Dane County Register of Deeds. (Am. by Ord. 7060, 8-7-80)
  4. Following any such rescission, the commission may not redesignate the subject property a landmark or landmark site for a period of not less than five (5) years following the date of rescission.
- (f) Other Duties. In addition to those duties already specified in this section, the commission shall:
1. Actively work for the passage of enabling legislation which would permit the granting of full or partial tax exemptions to properties it has designated under the provisions of this section in order to encourage landmark owners to assist in carrying out the intent of this ordinance.
  2. Work closely with the State of Wisconsin liaison officer and the Governor's liaison committee for the National Register of Historic Places of the United States National Park Service in attempting to include such properties hereunder designated as landmarks or landmark sites on the Federal Register.
  3. Work for the continuing education of the citizens of Madison about the historic heritage of this City and the landmarks and landmark sites designated under the provisions of this section.

Sec. 33.01(5)(f)4.

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4. As it deems advisable, receive and solicit funds for the purpose of landmarks preservation in the City of Madison. Such funds shall be placed in a special City account for such purpose.

(6) Procedures.

- (a) Designation Of Landmarks, Landmark Sites And Historic Districts. The commission may, after notice and public hearing, establish landmarks, landmark sites and historic districts, or rescind such designation, after application of the criteria in subsection (4) above. At least ten (10) days prior to such hearing, the commission shall notify the owners of record, as listed in the office of the City Assessor, who are owners of property in whole or in part situated within two hundred (200) feet of the boundaries of the property affected. Notice of such hearing shall also be published as a Class 1 Notice, under the Wisconsin Statutes. The commission shall also notify the following: Department of Public Works, Parks Division, Fire and Police Departments, Health Division, Department of Planning and Development and Plan Commission. Each such department shall respond to the commission within thirty (30) days of notification with its comments on the proposed designation or rescission. The commission shall then conduct such public hearing and, in addition to the notified persons, may hear expert witnesses, and shall have the power to subpoena such witnesses and records as it deems necessary. The commission may conduct an independent investigation into the proposed designation or rescission. Within ten (10) days after the close of the public hearing, the commission may designate the property as either a landmark, a landmark site or include it in a historic district or rescind such designation. After such designation or rescission has been made, notification shall be sent to the property owner or owners, and to such other persons as appeared at the public hearing. Notification shall also be given to the City Clerk, Assistant Director for Development Assistance and the City Assessor. The commission shall cause such designation or rescission to be recorded, at City expense, in the Dane County Register of Deeds office. (Am. by Ord. 7127, 10-23-80)
- (b) Petition For An Historic Zone. Following the designation of each historic landmark or landmark site, the commission shall petition the Common Council for a rezoning of each such property from its original zoning classification to Special District H. (33.01 (6)(b) R. and (c) Renumbered (b) by Ord. 4335, 10-30-73)
- (c) Voluntary Restrictive Covenants. The owner of any landmark or landmark site may, at any time following such designation of his property, enter into a restrictive covenant on the subject property after negotiation with the commission. The commission may assist the owner in preparing such covenant in the interest of preserving the landmark or landmark site and the owner shall record such covenant in the Dane County Register of Deeds office, and shall notify the City Assessor of such covenant and the conditions thereof. (Renumbered by Ord. 4553, 10-30-75)

(d) Creation of Historic Districts.

1. For preservation purposes, the Landmarks Commission shall select geographically defined areas within the City of Madison to be designated as Historic Districts and shall, with the assistance of the City Department of Planning and Development, prepare an historic preservation plan in ordinance form for each area. An Historic District may be designated for any geographic area of particular historic, architectural, or cultural significance to the City of Madison which:
  - a. Exemplifies or reflects the broad cultural, political, economic or social history of the nation, state or community; or
  - b. Is identified with historic personages or with important events in national, state or local history; or
  - c. Embodies the distinguishing characteristics of architectural type specimens inherently valuable for the study of a period or periods, styles, methods or construction, indigenous materials or craftsmanship; or
  - d. Is representative of the notable works of master builders, designers, or architects who influenced their age.

Each historic preservation plan prepared for or by the Landmarks Commission shall include a cultural and architectural analysis supporting the historic significance of the area, the specific guidelines for development and a statement of preservation objectives.

(Sec. 33.01(6)(d)1. Am. by Ord. 6569, 3-16-79)

2. Guideline criteria to be considered in the development of Historic District plans are as follows:
  - a. All new structures shall be constructed to a height visually compatible with the buildings and environment with which they are visually related.
  - b. The gross volume of any new structure shall be visually compatible with the buildings and environment with which it is visually related.
  - c. In the street elevation(s) of a building, the proportion between the width and height in the facade(s) should be visually compatible with the buildings and environment with which it is visually related.
  - d. The proportions and relationships between doors and windows in the street facade(s) should be visually compatible with the buildings and environment with which it is visually related.
  - e. The rhythm of solids to voids, created by openings in the facade, should be visually compatible with the buildings and environment with which it is visually related.
  - f. The existing rhythm created by existing building masses and spaces between them should be preserved.
  - g. The materials used in the final facade(s) should be visually compatible with the buildings and environment with which it is visually related.
  - h. The texture inherent in the facade should be visually compatible with the buildings and environment with which it is visually related.

- i. Colors and patterns used on the facade (especially trim) should be visually compatible with the buildings and environment with which it is visually related.
  - j. The design of the roof should be visually compatible with the buildings and environment with which it is visually related.
  - k. The landscape plan should be sensitive to the individual building, its occupants and their needs. Further, the landscape treatment should be visually compatible with the buildings and environment with which it is visually related.
  - l. All street facade(s) should blend with other buildings via directional expression. When adjacent buildings have a dominant horizontal or vertical expression, this expression should be carried over and reflected.
  - m. Architectural details should be incorporated as necessary to relate the new with the old and to preserve and enhance the inherent characteristics of the area.
3. Review and Adoption Procedure.
- a. Landmarks Commission. The Landmarks Commission shall hold a public hearing when considering the plan for an Historic District. Notice of the time, place and purpose of such hearing shall be given by publication as a Class 2 Notice under the Wisconsin Statutes in the official City paper. Notice of the time, place and purpose of such public hearing shall also be sent by the City Clerk to the Alderman of the Aldermanic District or Districts in which the Historic District is located, and the owners of record, as listed in the office of the City Assessor, who are owners of property situated in whole or in part within the Historic District, or situated in whole or in part within two hundred (200) feet of the boundaries of the Historic District. Said notice is to be sent at least ten (10) days prior to the date of such public hearing. Following the public hearing, the Landmarks Commission shall vote to recommend, reject or withhold action on the plan. This recommendation shall be forwarded to the City Plan Commission and the Common Council.
  - b. The City Plan Commission. The Plan Commission shall review the Historic District plan and make a recommendation to the Common Council. The Plan Commission shall make its recommendation on the Historic District plan within thirty (30) days.
  - c. The Common Council. The Common Council, upon receipt of the recommendations from the Landmarks Commission and Plan Commission, shall hold a public hearing, notice to be given as noted in Subparagraph a. above, and shall following said public hearing either designate or reject the Historic District. Designation of the Historic District shall constitute adoption of the plan in ordinance form prepared for that district and direct the implementation of said plan.

(33.01(6)(d) Cr. by Ord. 4596, 6-6-74)

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Sec. 33.01(7)

- (7) Conformance With Regulations. Every person in charge of any landmark, landmark site or improvement in an Historic District shall maintain same or cause or permit it to be maintained in a condition consistent with the provisions of this section.
- (8) Maintenance of Landmarks, Landmark Sites and Historic Districts.
  - (a) Every person in charge of an improvement on a landmark site or in an Historic District shall keep in good repair all of the exterior portions of such improvement and all interior portions thereof which, if not so maintained, may cause or tend to cause the exterior portions of such improvement to fall into a state of disrepair. This provision shall be in addition to all other provisions of law requiring such improvement to be kept in good repair.
  - (b) Insofar as they are applicable to a landmark, landmark site or improvement in an Historic District, designated under this section, any provision of Chapters 18 (Plumbing Code), 27 (Minimum Housing and Property Maintenance Code), 29 (Building Code), 30 (Heating, Ventilating and Air Conditioning Code) and 31 (Outdoor Signs and Outdoor Advertising Structures) of the Madison General Ordinances may be varied or waived, on application, by the appropriate board having such jurisdiction over such chapter or, in the absence of such board, by the Assistant Director for Development Assistance, provided such variance or waiver does not endanger public health or safety. (Am. by Ord. 7060, 8-7-80)
- (9) Conditions Dangerous to Life, Health or Property. Nothing contained in this section shall prohibit the making of necessary construction, reconstruction, alteration or demolition of any improvement on a landmark site or in an Historic District pursuant to order of any governmental agency or pursuant to any court judgment, for the purpose of remedying emergency conditions determined to be dangerous to life, health or property. In such case, no approval from the commission shall be required.
- (10) Mansion Hill Historic District.
  - (a) Purpose and Intent.

It is hereby declared a matter of public policy that a specific area of the City be identified, designated, and protected because of its special character and historical interest. This area to be called the Mansion Hill Historic District shall be described in general by the map and specifically by the legal description on file in the City Clerk's office. The purpose and intent of this ordinance shall be to designate this area according to the creation and review and adoption procedures in Sections 33.01(6)(d)1. through 3., Landmarks Commission, of the Madison General Ordinances.
  - (b) (R. by Ord. 6470, 1-9-79)
  - (c) Criteria for Creation of Mansion Hill Historic District. In that the Mansion Hill Historic District reflects a pattern in the broad social history of Madison and in the State and the Nation, and in that elements within the District meet the other three designation criteria, namely that many of the buildings in the District:
    - 1. Are identified with historic personages or with important events in national, state or local history;

Sec. 33.01(10)(c)2.

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2. Embody the distinguishing characteristics of an architectural type specimen, inherently valuable for a study of a period, style, method of construction, or of indigenous materials or craftsmanship;
3. Are representative of the notable work of a master builder, designer or architect whose individual genius influences his age;

The area described by the map and legal description shall be designated an historic district.

(d) Regulation of Construction, Reconstruction, Exterior Alteration and Demolition.

The Commission shall act in these matters specifically as they regard the Mansion Hill Historic District in the manner specified by Madison General Ordinance, Sections 33.01(5)(b) and (c).

(e) Guideline Criteria for new Development in the Mansion Hill Historic District.

1. The gross volume of any new structure shall be visually compatible with the buildings and environment with which it is visually related (visually related area).
2. In the street elevation(s) of a new building, the proportion between the width and the height in the facade(s) shall be visually compatible with the buildings and the environment with which it is visually related (visually related area).
3. The proportions and relationships between width and height of the doors and windows in new street facade(s) shall be visually compatible with the buildings and environment with which it is visually related (visually related area).
4. The rhythm of solids to voids created by openings in the facade of the new structure should be visually compatible with the buildings and environment with which it is visually related (visually related area).
5. All new street facades should blend with other buildings via directional expression. When adjacent buildings have a dominant vertical or horizontal expression, this expression should be carried over and reflected.

(f) Conformance With Regulations; Maintenance of the District; Conditions Dangerous to Life, Health and Property; Penalties for Violations; Separability.

The Mansion Hill Historic District shall be subject to the public policy guidelines established in Sections 33.01(7) through (9), (12) and (13) of the Madison General Ordinances in all of these matters. (Am. by Ord. 6470, 1-9-79)

(g) Reference to Plan.

The public policy guidelines in this section derive from a plan entitled "The Mansion Hill Historic Preservation Plan and Development Handbook", City Planning Department, 1975.

(Sec. 33.01(10) Cr. by Ord. 5527, 8-4-76)

(11) Third Lake Ridge Historic District.

(a) It is hereby declared a matter of public policy that a specific area of the City be identified, designated, and protected because of its special character and historical interest and significance. This area to be called the Third Lake Ridge Historic District shall be described in general by the map and specifically by the legal description on file in the City Clerk's Office. The purpose and intent of this ordinance shall be to designate this area according to the creation and review and adoption procedures in Sec. 33.01(6)(d) 1 through 3, Landmarks Commission, of the Madison General Ordinances.

(b) Criteria for the Creation of the Third Lake Ridge Historic District.

In that the Third Lake Ridge Historic District area reflects a broad pattern of social history of Madison and the State and the Upper Midwest, and in that elements within the District meet other designation criteria in Subsections (4) and (6), namely that many of the buildings and sites in the District:

1. Are identified with historic personages or with important events in state or local history; and
2. Embody the distinguishing characteristics of an architectural type specimen, inherently valuable for a study of a period, style, method of construction, or of indigenous materials or craftsmanship;

The area described by the map and legal description shall be designated an historic district.

(c) Regulation of Construction, Reconstruction, Exterior Alteration and Demolition.

The Commission shall act in these matters as they regard the Third Lake Ridge Historic District in the manner specified by Sec. 33.01(5)(b) and (c), Madison General Ordinances.

(d) Guideline Criteria for new Development in the Third Lake Ridge Historic District - Parcels Zoned for Manufacturing Use.

1. The gross volume of any new structure shall be visually compatible with the buildings and environment within its visually related area.
2. The height of any new structure shall be visually compatible with the buildings and environment within its visually related area.

(e) Guideline Criteria for Exterior Alteration in the Third Lake Ridge Historic District - Parcels Zoned for Manufacturing Use.

Alterations of the height of any existing structure shall be visually compatible with the buildings and environment within its visually related area.

(f) Guideline Criteria for new Development in the Third Lake Ridge Historic District - Parcels Zoned for Commercial Use.

1. Any new structures shall be evaluated according to both of the criteria listed in Sec. 33.01(11)(d); that is, compatibility of gross volume and height.
2. The rhythm of solids and voids in the street facade(s) of any new structure shall be compatible with the buildings within its visually related area.
3. The materials used in the street facade(s) of any new structure shall be compatible with those used in the buildings and environment within its visually related area.

Sec. 33.01(12)(f)4.

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4. The design of the roof of any new structure shall be compatible with those of the buildings and environment within its visually related area.
  5. The rhythm of building masses and spaces created by the construction of a new structure shall be compatible with the existing rhythm of masses and spaces for those sites within its visually related area.
- (g) Guideline Criteria for Exterior Alteration in the Third Lake Ridge Historic District - Parcels Zoned for Commercial Use.
1. Alterations of the height of any existing structure shall be visually compatible with the buildings and environment within its visually related area.
  2. Alterations of the street facade(s) of any existing structure shall retain the original or existing historical rhythm of solids and voids.
  3. Alterations of the street facade(s) of any existing structure shall retain the original or existing historical materials.
  4. Alterations of the roof of any existing structure shall retain its existing historical appearance.
- (h) Guideline Criteria for new Development in the Third Lake Ridge Historic District - Parcels Zoned for Residential Use.
1. Any new structure shall be evaluated according to all criteria listed in Sec. 33.01(11)(f).
  2. The directional expression of any new structure shall be compatible with those of the buildings and environment within its visually related area.
  3. The materials, patterns and textures of any new structure shall be compatible with those of the buildings and environment within its visually related area.
  4. The landscape plan of any new structure shall be compatible with that of the buildings and environment within its visually related area.
- (i) Guideline Criteria for Exterior Alteration in the Third Lake Ridge Historic District - Parcels Zoned for Residential Use.
1. Alteration of any existing structure shall be evaluated according to all criteria listed in Sec. 33.01(11)(g).
  2. Alteration of the surface material, pattern and texture in the facade(s) of any existing structures shall be compatible with the original or existing historical finishes.
  3. Alteration of any existing structure shall retain or be compatible with the original or existing historical rhythm of masses and spaces.
  4. Alteration of any existing structure shall retain the existing historical landscape plan or shall develop a new plan which is compatible with the plans of the buildings and environment within its visually related area.
  5. Alteration of the street facade(s) of any existing structure shall retain the original or existing historical proportional relationships of door sizes to window sizes.

COMMISSIONS

Sec. 33.01(11)(j)

- (j) Conformance With Regulations; Maintenance of the District; Conditions Dangerous to Life, Health and Property; Penalties for Violations; Separability.

The Third Lake Ridge Historic District shall be subject to the public policy guidelines established in Sec. 33.01(7) through (9) and (12) and (13), Madison General Ordinances, in all of these matters.

- (k) Reference to Plan.

The public policy guidelines in this subsection derive from a plan entitled "Third Lake Ridge Historic District", City Planning Department, January, 1978.

(Sec. 33.01(11) Cr. by Ord. 6470, 1-9-79)

- (12) Penalties for Violations. Any person violating any provision of this section shall be subject to a forfeiture of not more than two hundred dollars (\$200) for each separate violation. Each and every day during which a violation continues shall be deemed to be a separate offense. (Renumbered by Ord. 6470, 1-9-79)

- (13) Separability. If any provision of this chapter or the application thereof to any person or circumstances is held invalid, the remainder of this chapter and the application of such provisions to other persons or circumstances shall not be affected thereby. (Renumbered by Ord. 6470, 1-9-79)

33.02 URBAN DESIGN COMMISSION

- (1) Title. This ordinance shall be known, cited and referred to as the Madison Urban Design Commission ordinance.

- (2) Purpose And Intent. It is hereby declared a matter of public policy that the design, appearance, beauty and aesthetics of all public and private buildings, structures, landscaping and open areas are a matter of public concern and as such must be controlled so as to promote the general welfare of the community. The purpose of this section is:

- (a) To assure the highest quality of design for all public and private projects in the City.
- (b) To protect and to improve the general appearance of all buildings, structures, landscaping and open areas in the City; to encourage the protection of economic values and proper use of properties.
- (c) To encourage and promote a high quality in the design of new buildings, developments, remodeling and additions so as to maintain and improve the established standards of property values within the City.
- (d) To foster civic pride in the beauty and nobler assets of the City, and in all other ways possible assure a functionally efficient and visually attractive City in the future.

APPENDIX C

SUMMARY OF SIZE OF OWNERSHIP PARCELS ON BLOCK 134

AREAS OF WHOLE AND PARTS OF BLOCK 134

	Size in Square Feet
1. Whole Block 134 594' x 264'	156,816
2. City Market Place Subject Site 594' x 82'	48,708
3. Market Place (Street) 594' x 50'	29,700
4. Lots 9 through Part of 40 (14') (Reynold and Donagan)	53,196
5. Lots 1 through 8 and Lots 45 through Part of 40 (8') (Gerhardt, Goldberg, Crescent)	25,212
6. If Market Place vacated except for access to Lots 45 through 34, each side of street gains 330' x 25'	8,250 8,250
7. If Market Place vacated except for access to Lots 45 through 40, each side of street gains 476' x 25' and the cul de sac area would be 118' x 50'	11,900 11,900 5,900

APPENDIX D

CALCULATIONS FOR COMPARISON OF ENERGY INVESTMENT  
IN REHABILITATION AND NEW CONSTRUCTION

CALCULATIONS FOR COMPARISON OF ENERGY INVESTMENT  
IN REHABILITATION AND NEW CONSTRUCTION

Renovated Building

Embodied energy investment  
in City Market

$$8,050 \text{ SF} \times 970 \text{ MBTU/SF} = 7,808,500 \text{ MBTUs}$$

Embodied energy investment  
in renovated building

$$8,050 \text{ SF} \times 970 \text{ MBTU/SF} \times .30 = 2,342,550 \text{ MBTUs}$$

(.30 represents a conservative figure for replacement and addition of new materials in the renovation process)

Annual operational energy  
in renovated building

$$8,050 \text{ SF} \times 186 \text{ MBTU/SF} \times 1.25 = 1,871,625 \text{ MBTUs}$$

(1.25 is the factor used to calculate the energy conserving aspects of the renovated structure vs. a new one)

New Building

Embodied energy investment  
in new building

$$8,050 \text{ SF} \times 970 \text{ MBTU/SF} = 7,808,500 \text{ MBTUs}$$

Demolition energy for  
existing building

$$8,050 \text{ SF} \times 15,500 \text{ BTUs} = 125 \text{ MBTUs}$$

Embodied energy of demolition  
and new construction

$$7,808,500 \text{ MBTUs} + 125 \text{ MBTUs} = 7,808,625 \text{ MBTUs}$$

Annual operational energy  
in new building

$$8,050 \text{ SF} \times 186 \text{ MBTU/SF} = 1,497,300 \text{ MBTUs}$$

Energy Comparison

Embodied energy savings

$$7,808,625 \text{ MBTUs} - 2,343,550 \text{ MBTUs} = 5,466,075 \text{ MBTUs}$$

Annual operational energy  
deficit

$$1,497,300 \text{ MBTUs} - 1,871,625 \text{ MBTUs} = (374,325 \text{ MBTUs})$$

$$\frac{5,466,075 \text{ MBTUs}}{374,325 \text{ MBTUs}} = 14.60 \text{ years}$$

APPENDIX E

COST AND REVENUE ASSUMPTIONS FOR MOST PROBABLE USE  
SCENARIOS AND CALCULATION OF JUSTIFIED CAPITAL BUDGET

SCENARIO 1

1. PROGRAM

Rehabilitation of existing structure for use as an unheated warehouse  
 Demolition of existing metal garages and sheds  
 Construction of 18 small, heated office/warehouse units

2. REVENUE UNITS

Unheated warehouse space in existing structure  
 Heated warehouse space with and without loading docks  
 Office space

3. CAPITAL OUTLAYS\*

Rehabilitation of Existing Structure

Replace existing roof: 8,050 SF x 1.15 (hip design) x \$4.00	\$37,030
Foundation repair	5,000
Pour new concrete floor \$1.00 x 8,050 SF	8,050
Install 1 bathroom	2,000
Install suspended gas heater in office area \$2.00 x 625 SF	1,250
Cosmetic cleanup - interior	5,000
Cleaning, tuck-pointing - exterior	5,000
Contingency 1.10	6,333
	\$69,663

Demolition of Existing Sheds and Ramp

11,780 SF x \$1.25/GBA + \$5,000	\$19,725
----------------------------------	----------

Construction of New Office/Warehouses

18 units x 1320 SF x \$22.50/SF	\$534,600
---------------------------------	-----------

Paving Remaining Surface Area

1807 S.Y. x \$3.00/S.Y.	\$5,421
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\*Construction costs estimates are made by the appraiser based upon information from Curt Hastings, estimator for J. H. Findorff & Son, Inc., Bill Jacobsen of Jacobsen Construction Co., Dodge Construction Systems Cost, 1980, and Wisconsin Assessors Manual, Volume III.

TOTAL OUTLAYS	\$629,409
Less 25% Tax Credit (.25 x 69,663)	<u>(17,416)</u>

\$611,993

4. POTENTIAL ANNUAL REVENUE

Unheated warehouse 8,050 SF x \$1.50	\$12,075
---	----------

Warehouse/office	
10 warehouse units (with loading docks)	
10 x 1,000 SF x \$2.75	27,500
8 warehouse units (without loading docks)	
8 x 1,000 SF x \$2.25	18,000
18 offices	
18 x 320 x \$5.00	<u>28,800</u>

GROSS POTENTIAL REVENUE	\$86,375
-------------------------	----------

Vacancy/bad debt losses	
2 office/warehouse units/12 months	
1 x 320 x \$5.00 = \$1,600	
1 x 1,000 x \$2.75 = 2,750	<u>(4,350)</u>

EFFECTIVE GROSS REVENUE	\$82,025
-------------------------	----------

5. PROJECTED ANNUAL EXPENSES

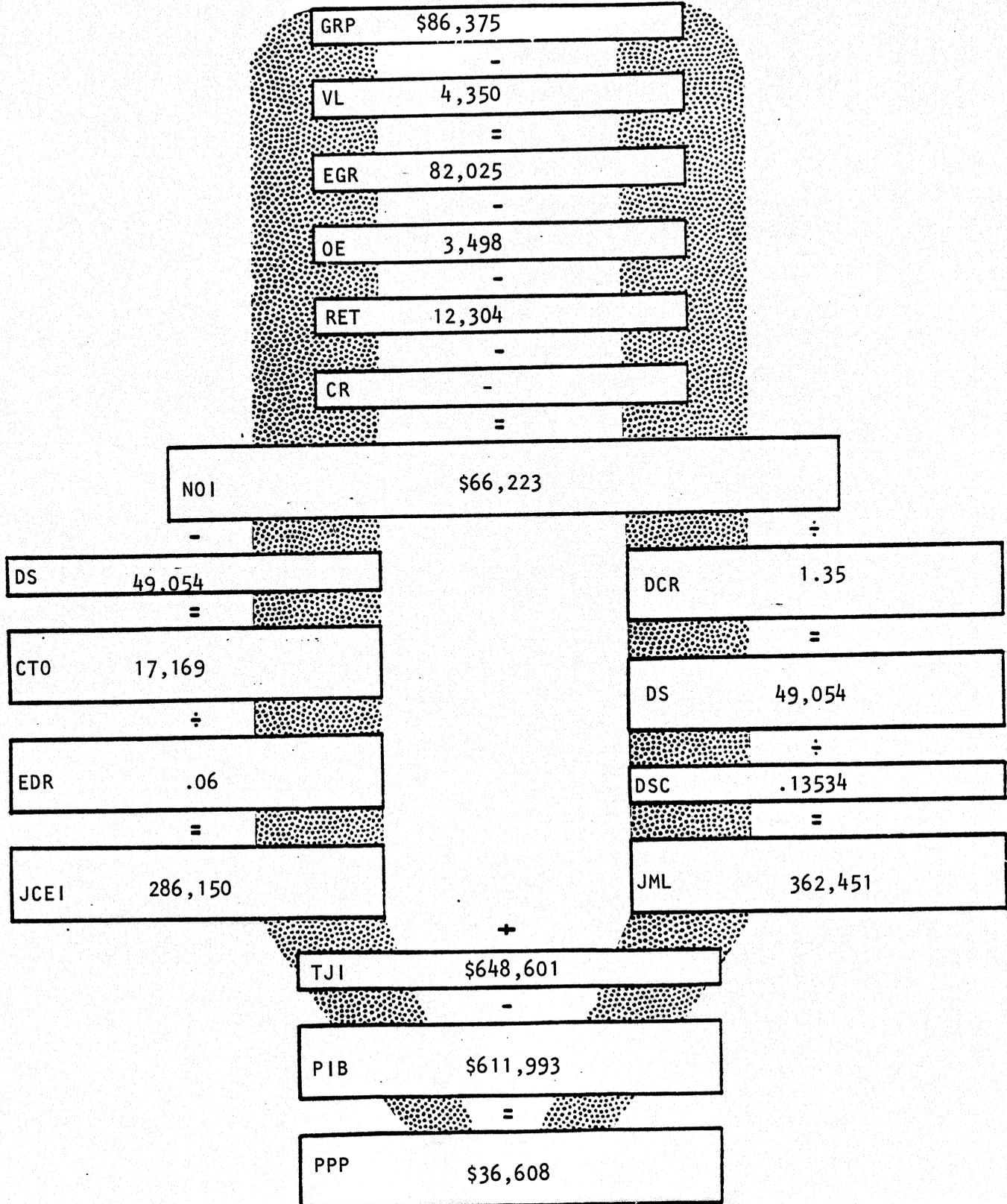
Operating expenses -	
Net lease	
Real estate taxes--15% effective gross	(12,304)
Management (Office - Warehouses)	
[ @ 5% of (27,500 + 18,000 + 28,800 - 4350) ]	<u>(3,498)</u>

NET OPERATING INCOME	\$66,223
----------------------	----------

6. TERMS OF FINANCING

25 year, 13% interest, mortgage constant = .13534  
 It is assumed an economic development loan or industrial revenue bonds will be made available to the developer.

**REVENUE JUSTIFIED CAPITAL BUDGET  
DEBT COVER RATIO APPROACH**



SCENARIO 2

1. PROGRAM

Demolition of all existing structures  
 Construction of 26 small, office/warehouse units

2. REVENUE UNITS

Heated warehouse space with and without loading docks  
 Office space

3. CAPITAL OUTLAYS\*

Demolition of Existing Structures and Ramp  
 Market Place

8,050 SF x 20 ft x 1.15 (allowance for  
 hip roof) x .13/cu. ft. \$24,070

Garage and Sheds and Ramp

11,780 SF x \$1.25/GBA + \$5,000 19,725

Construction of New Office/Warehouses

26 units x 1320 SF x \$22.50/SF 772,200

Paving Remaining Surface Area

1529 S.Y. x \$3.00/S.Y. 4,587

TOTAL OUTLAYS

\$820,582

4. POTENTIAL ANNUAL REVENUE

Warehouse/office

14 warehouse units (with loading docks)  
 14 x 1,000 SF x \$2.75 \$38,500

12 warehouse units (without loading docks)  
 12 x 1,000 SF x \$2.25 27,000

26 offices  
 26 x 320 SF x \$5.00 41,600

GROSS POTENTIAL REVENUE

\$107,100

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\* Construction costs estimates are made by the appraiser based upon information from Curt Hastings, estimator for J. H. Findorff & Son, Inc., Bill Jacobsen of Jacobsen Construction Co., Dodge Construction Systems Cost, 1980, and Wisconsin Assessors Manual, Volume III.

Vacancy/bad debt losses  
2 x 320 x \$5.00      \$3,200  
2 x 1,000 x \$2.50 = 5,000      (8,200)

EFFECTIVE GROSS REVENUE      \$98,900

5. PROJECTED ANNUAL EXPENSES

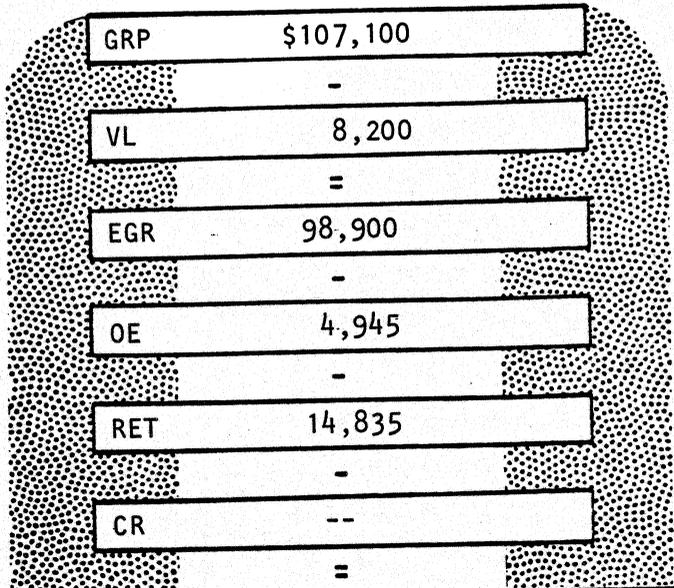
Real estate taxes--15% of effective gross      (14,835)  
Management @ 5% of effective gross      (4,945)

NET OPERATING INCOME      \$79,120

6. TERMS OF FINANCING

25 years, 13% interest, mortgage constant = .13534  
It is assumed an economic development loan or industrial  
revenue bonds will be made available to the developer.

**REVENUE JUSTIFIED CAPITAL BUDGET  
DEBT COVER RATIO APPROACH**



GRP	\$107,100
	-
VL	8,200
	=
EGR	98,900
	-
OE	4,945
	-
RET	14,835
	-
CR	--
	=

NOI	\$79,120
-----	----------

DS	58,607
	=
CTO	20,513
	÷
EDR	.06
	=
JCEI	341,883

DCR	1.35
	=
DS	58,607
	÷
DSC	.13534
	=
JML	433,038

TJI	\$774,921
	-
PIB	\$820,582
	=
PPP	(\$45,661)

SCENARIO 3

1. PROGRAM

Rehabilitation of existing structure for use as an  
 indoor-outdoor market place  
 Demolition of existing metal garages and sheds  
 Construction of covered walkway from parking area to market  
 place

2. REVENUE UNITS

Heated retail shell for lease to marketing entrepreneur

3. CAPITAL OUTLAYS

Rehabilitation of Existing Structure

Replace existing roof and insulate 8,050 SF x 1.15 (hip design) x \$4.50	\$41,659
Foundation repair	5,000
Pour new concrete floor \$1.00 x 8,050 SF	8,050
Heating - suspended radiant heaters \$2.00 x 8,050 SF	16,100
Insulation \$2.00 x 8,940 SF	17,880
Bathrooms 2 separate bathrooms	4,500
Windows \$500/window x 70	35,000
Cosmetic cleanup - interior	5,000
Cleaning, tuck-pointing - exterior	5,000
Contingency 1.10 x costs	<u>13,819</u>
TOTAL CERTIFIED REHABILITATION COSTS	\$152,008

Demolition of Existing Sheds and Ramp

11,780 SF x \$1.25/GBA + \$5,000	19,725
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Paving Remaining Surface Area

4,160 S.Y. x \$3.00/S.Y.	12,480
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Construction of Covered Walkway\*

Brick walk	18,102
\$7.00/SF x 2,586 SF	
Steel canopy with a minimum of fascia and scrollwork	<u>42,209</u>
TOTAL CAPITAL OUTLAY	\$244,524
Less Tax Credit	<u>(38,002)</u>
	\$206,522

4. POTENTIAL ANNUAL REVENUE

Shell retail space	
8,050 SF enclosed, heated shell @ \$3.00/SF	24,150
Vacancy: None	<u>          </u>
EFFECTIVE GROSS REVENUE	\$24,150

5. PROJECTED ANNUAL EXPENSES

Real estate taxes--15% effective gross	<u>(3,623)</u>
NET OPERATING INCOME	\$20,527

6. TERMS OF FINANCING

25 year, 13% interest, mortgage constant = .13534  
 It is assumed an economic development loan or industrial  
 revenue bonds will be made available to the developer.

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\*Cost estimates for brick walk and steel canopy courtesy of  
 Madsen Construction Co., and Theo Kupfer Iron Works, Inc.,  
 respectively.

**REVENUE JUSTIFIED CAPITAL BUDGET  
DEBT COVER RATIO APPROACH**

GRP	\$24,150
	-
VL	0
	=
EGR	24,150
	-
OE	0
	-
RET	3,623
	-
CR	--
	=

NOI	\$20,527
-----	----------

DS	15,205
	=
CTO	5,322
	÷
EDR	.06
	=
JCEI	88,700

DCR	1.35
	=
DS	15,205
	÷
DSC	.13534
	=
JML	112,348

TJI	\$201,048
	-
PIB	\$206,522
	=
PPP	(\$5,474)

SCENARIO 4

1. PROGRAM

Rehabilitation of existing structure for use as a shell for retailing use such as a grocery, hardware, or a restaurant  
 Demolition of existing metal garages and sheds  
 Construction of covered walkway from parking area

2. REVENUE UNITS

Rehabilitated, insulated, heated shell for retail operations

3. CAPITAL OUTLAYS

Rehabilitation of Existing Structure

Replace existing roof and insulate 8,050 SF x 1.15 (hip design) x \$4.50	\$41,659
Foundation repair	5,000
Pour new concrete floor \$1.00 x 8,050 SF	8,050
Heating - suspended radiant heaters \$2.00 x 8,050 SF	16,100
Insulation \$2.00 x 8,940 SF	17,880
Bathrooms 2 separate bathrooms	4,500
Windows \$500/window x 70	35,000
Cosmetic cleanup - interior	5,000
Cleaning, tuck-pointing - exterior	5,000
Contingency 1.10 x costs	13,819

TOTAL CERTIFIED REHABILITATION COSTS \$152,008

Demolition of Existing Sheds and Ramp

11,780 SF x \$1.25/GBA + \$5,000 19,725

Paving Remaining Surface Area

4,160 S.Y. x 3.00/S.Y. 12,480

Construction of Covered Walkway\*

Brick walk	
\$7.00/SF x 2,586 SF (less 180 SF of driveway)	16,842
Steel canopy + \$15,000 for fascia and decorative scroll on canopy	<u>57,209</u>

TOTAL CAPITAL OUTLAY	\$258,264
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Less Tax Credit (25% of 152,008)	<u>(38,002)</u>
	\$220,262

4. POTENTIAL ANNUAL REVENUE

Shell retail space	
8,050 SF x \$3.75	\$30,188
(without leasehold improvements)	

Vacancy: None

EFFECTIVE GROSS REVENUE	<u>\$30,188</u>
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5. PROJECTED ANNUAL EXPENSES

Real estate taxes--15% effective gross	<u>(4,528)</u>
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NET OPERATING INCOME	\$25,660
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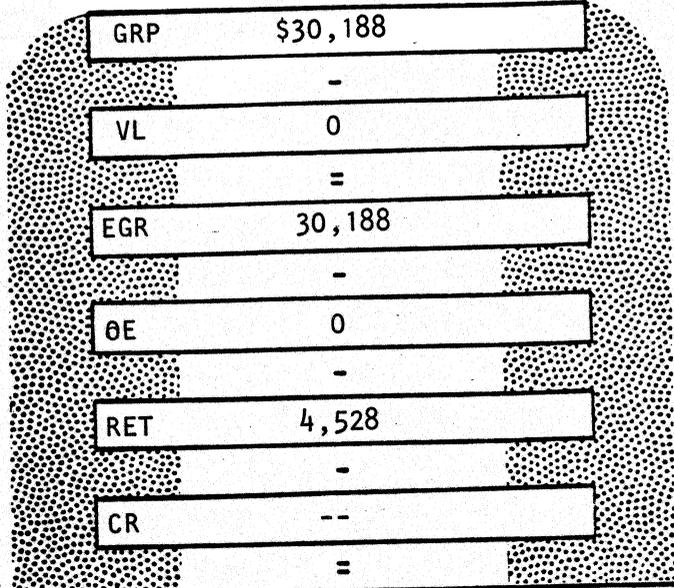
6. TERMS OF FINANCING

25 year, 13% interest, mortgage constant = .13534  
 It is assumed an economic development loan or industrial revenue bonds will be made available to the developer.

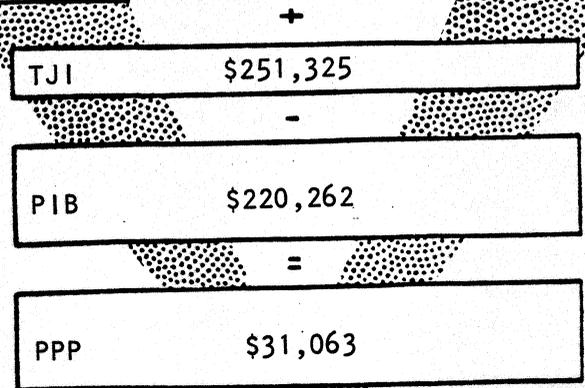
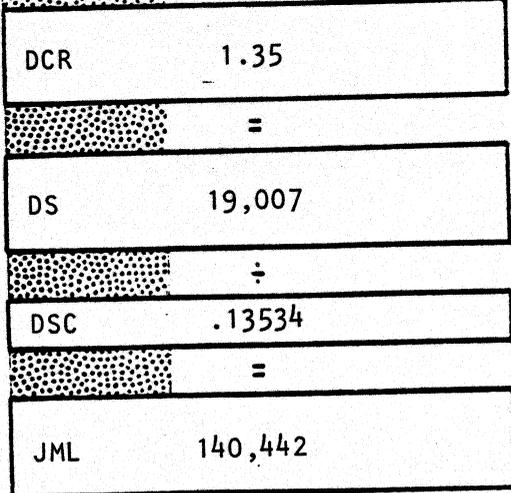
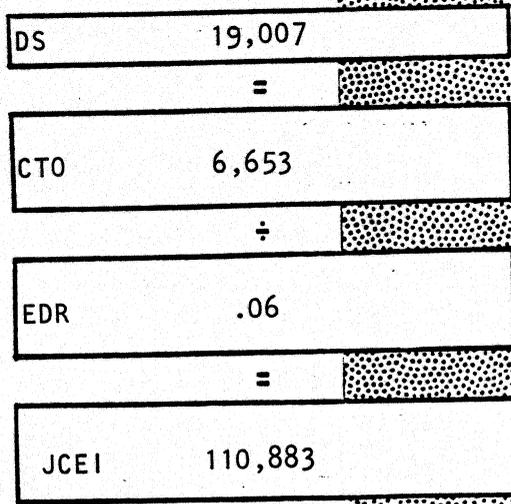
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\*Cost estimates for brick walk and steel canopy courtesy of Madsen Construction Co., and Theo Kupfer Iron Works, Inc., respectively.

**REVENUE JUSTIFIED CAPITAL BUDGET  
DEBT COVER RATIO APPROACH**



NOI \$25,660



SCENARIO 5

1. PROGRAM

Rehabilitate existing structure  
 Demolition of existing metal garages and sheds  
 Construction of 12 retail units 30 ft. by 25 ft. plus 10  
 ft. by 180 ft. covered walkway linked with main structure  
 Construction of parking lot

2. REVENUE UNITS

Shell retail space  
 Rehabilitated space  
 New retail space

3. CAPITAL OUTLAYS \*

Rehabilitation of Existing Structure

Replace existing roof and insulate 8,050 SF x 1.15 (hip design) x \$4.50	\$41,659
Foundation repair	5,000
Pour new concrete floor \$1.00 x 8,050 SF	8,050
Heating - suspended radiant heaters \$2.00 x 8,050 SF	16,100
Insulation \$2.00 x 8,940 SF	17,880
Bathrooms 2 separate bathrooms	4,500
Windows \$500/window x 70	35,000
Cosmetic cleanup - interior	5,000
Cleaning, tuck-pointing - exterior	5,000
Contingency 1.10 x costs	<u>13,819</u>
TOTAL CERTIFIED REHABILITATION COSTS	\$152,008

Demolition of Existing Sheds and Ramp

11,780 SF x \$1.25/GBA + \$5,000	19,725
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Construction of 12 retail units

180 ft. x 60 ft. x \$32.00	345,600
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\*Cost estimates made by appraiser based upon information from Curt Hastings, estimator for J. H. Findorff & Son, Inc., Bill Jacobsen of Jacobsen Construction Co., Dodge Construction Systems Cost, 1980, and Marshall Swift Valuation Service.

Paving of Remaining Surface  
3247 SY x \$3.00

9,741

TOTAL OUTLAYS  
Less Tax Credit for rehabilitation

\$527,074  
(38,002)

\$489,072

4. POTENTIAL ANNUAL REVENUE

Shell retail space  
8,050 SF x \$4.00

\$32,200

Small retail units  
9,000 SF x \$4.75

42,750

GROSS POTENTIAL REVENUE

\$74,950

Vacancy:

Shell - none

Small units

1 unit - (30' x 25' x \$4.75)

(3,563)

EFFECTIVE GROSS REVENUE

\$71,387

5. PROJECTED ANNUAL EXPENSES

Management of small retail units [@ 5% of  
(42,750 - 3,563)]

(1,959)

Real estate taxes--15% effective gross

(10,708)

NET OPERATING INCOME

\$58,720

6. TERMS OF FINANCING

25 year, 13% interest, mortgage constant = .13534  
It is assumed an economic development loan or industrial  
revenue bonds will be made available to the developer.

**REVENUE JUSTIFIED CAPITAL BUDGET  
DEBT COVER RATIO APPROACH**

GRP	\$74,950
	-
VL	3,563
	=
EGR	71,387
	-
OE	1,959
	-
RET	10,708
	-
CR	---
	=

NO1	\$58,720
-----	----------

DS	43,496
	=
CTO	15,224
	÷
EDR	.06
	=
JCEI	253,733

DCR	1.35
	=
DS	43,496
	÷
DSC	.13534
	=
JML	321,385

TJI	\$573,118
	-
PIB	\$489,072
	=
PPP	\$86,046

APPENDIX F

CALCULATION OF ALLOWABLE RESIDENTIAL DENSITY  
AND RESULTING LAND VALUE FOR SCENARIO #6

SCENARIO 6

CALCULATION OF ALLOWABLE RESIDENTIAL DENSITY  
AND RESULTING LAND VALUE

PLAN A

(See Exhibit 17 for outline of designated area involved.)

1. Rezone Block 134 and rest of Block 135 from C3 to R5.
2. Assume ownership by single entity.
3. Rehabilitate and remodel original structure (City Market Place) as 8 - 1 bedroom and 4 - 2 bedroom townhouse units.
4. Demolish garages, sheds and ramp.
5. Demolish remaining buildings on North 1/2 of Block 134 to prepare for new construction and required parking and open space.
6. New construction of 17 - 2 bedroom townhouse units on subject site and 44 - 1 bedroom unit apartment building on North 1/2 of Block 134 on corner of East Dayton and Livingston Streets.
7. Rehabilitate and remodel Crescent Electric Supply building and two Reynolds buildings at 714 Market Place as 40 - 1 and 2 bedroom mix and 22 - 1 and 2 bedroom mix, respectively.
8. Vacate Market Place (street).

Land Value: Based upon the estimated price per unit a developer would pay, given the density allowed per zoning ordinances for the area involved.

SCENARIO 6, PLAN A (Continued)

17	townhouses (new)	@	\$5,000/unit	\$85,000
44	1 bedroom apt. units (new)	@	2,500/unit	110,000
20	1 bedroom (rehab)	@	3,000/unit	60,000
20	2 bedroom (rehab)	@	3,500/unit	70,000
11	1 bedroom (rehab)	@	3,000/unit	33,000
11	1 bedroom (rehab)	@	3,500/unit	38,500
4	townhouses (rehab, no garage)	@	4,500/unit	18,000
8	1 bedroom (rehab)	@	3,000/unit	<u>24,000</u>
				\$438,500

Size of Block 134 = 156,816 SF

Land value for residential use = \$2.80/SF

SCENARIO 6 (Continued)

PLAN B

(See Exhibit 17 for outline of designated area involved.)

1. Assume items 1-4 from Plan A.
2. Rehabilitate and remodel two buildings at 714 Market Place as 22 - 1 and 2 bedroom mix.
3. Demolish remaining buildings in designated area of North 1/2 of Block 134 to prepare for new construction, adequate parking, and open space.
4. New construction of 50 - 1 bedroom unit apartment building on north corner of site. This building can contain more units than allowed in Plan A because less area must be designated as parking for the 40 unit building (Crescent).
5. Partially vacate Market Place (street). Access must remain for other buildings fronting on Market Place.

Land Value: Based upon the estimated price per living unit a developer would pay, given the density allowed per zoning ordinances for area involved.

17	townhouses (rehab)	@	\$4,500/unit	\$76,500
50	1 bedroom apt. units (new)	@	2,500/unit	125,000
11	1 bedroom units (rehab)	@	3,000/unit	33,000
11	2 bedroom units (rehab)	@	3,500/unit	38,500
4	townhouses (rehab, no garage)	@	4,000/unit	16,000
8	1 bedroom units (rehab)	@	3,000/unit	<u>24,000</u>
				\$313,000

Size of Designated Area = 125,704 SF

Land value for residential use = \$2.49/SF

SCENARIO 6 (Continued)

PLAN C

(See Exhibit 17 for outline of designated area involved.)

1. Assume items 1-2 from Plan A.
2. Demolish all buildings except the two buildings at 714 Market Place.
3. Rehabilitate and remodel 714 Market Place as 22 - 1 and 2 bedroom mix.
4. New construction of 38 - 1 bedroom unit apartment building on north corner of site. Apartment building must be smaller than in Plan A or B to allow for more parking area.
5. Partially vacate Market Place (street). Access must remain for other buildings fronting on Market Place.

Land Value:

11	2 bedroom units (rehab)	@	\$3,000/unit	\$33,000
11	1 bedroom units (rehab)	@	2,500/unit	27,500
38	1 bedroom apt. units (new)	@	2,000/unit	<u>76,000</u>
				\$136,500

Size of Designated Area = 61,446 SF

Land value for residential use = \$2.22/SF

SCENARIO 6 (Continued)

PLAN D

(See Exhibit 17 for outline of designated area involved.)

1. Assume items 1-3 from Plan C.
2. New construction of 32 - 1 bedroom unit apartment building on north corner of site. Apartment building must be smaller than in Plan C because the loss of the 25 feet which resulted from vacating Market Place.
3. Market Place is not vacated.

Land Value:

11	2 bedroom units (rehab)	@	\$2,500/unit	\$27,500
11	1 bedroom units (rehab)	@	2,000/unit	22,000
32	1 bedroom apt. units (rehab)	@	2,000/unit	<u>64,000</u>
				\$113,500

Size of Designated Area = 53,196 SF

Land value for residential use = \$2.13/SF

SCENARIO 6 (Continued)

PLAN E

(See Exhibit 17 for outline of designated area involved.)

1. Assume items 1-2 from Plan A.
2. Demolish garage, sheds and ramp.
3. Rehabilitate and remodel original structure (City Market Place) as 8 - 1 bedroom and 4 - 2 bedroom townhouse units.
4. New construction of 14 - 2 bedroom townhouse units on subject site.
5. Market Place (street) is vacated and a public cul de sac is retained for 269 feet from Blount Street to provide access to buildings fronting on Market Place.

Land Value:

14	townhouses (new)	@	\$3,500/unit	\$49,000
4	townhouses (rehab, no garage)	@	3,000/unit	12,000
8	1 bedroom units (rehab)	@	2,500/unit	<u>20,000</u>
				\$81,000

Size of Designated Area = 56,958 SF

Land value for residential use = \$1.42/SF

SCENARIO 6 (Continued)

PLAN F

(See Exhibit 17 for outline of designated area involved.)

1. Assume items 1-3 from Plan E.
2. New construction of 12 townhouses.
3. Market Place (street) remains open.

Land Value:

10 townhouses (new)	@	\$2,750/unit	\$27,500
4 townhouses (rehab)	@	2,250/unit	9,000
8 1 bedroom units (rehab)	@	1,750/unit	<u>14,000</u>
			\$50,500

Size of Designated Area = 48,708 SF

Land value for residential use = \$1.04/SF

SCENARIO 6 (Continued)

PLAN G

(See Exhibit 17 for outline of designated area involved.)

1. Assume items 1-2 from Plan A.
2. Demolish all structures on South 1/2 of Block 134.
3. New construction of 14 townhouses.
4. Market Place (street) remains open.

Land Value:

14 townhouses (new) @ \$2,750/unit \$38,500

Size of Designated Area = 48,708 SF

Land value for residential use = \$.79/SF

